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ABSTRACT

This report covers the proceedings of a hearing on the Rehabilitation Act of 1973, a bill to authorize grants for vocational rehabilitation services. A discussion of funding, state and federal responsibilities, grants, administration, evaluation, and the establishment of an Office for the Handicapped ensues. The bill calls for research, training, construction of rehabilitation facilities, vocational training services for handicapped individuals, a sheltered workshop study and a national center for deaf-blind youths and adults. The report concludes with statements by Mr. James Dwight, Administrator of Social and Rehabilitation Services, and by Congressional Representative Barry M. Goldwater, Jr. (California). (Author/LAA)

ED 084480

VOCATIONAL REHABILITATION SERVICES

OVERSIGHT HEARING

BEFORE THE

SELECT SUBCOMMITTEE ON EDUCATION

OF THE

COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

NINETY-THIRD CONGRESS

FIRST SESSION

ON

FUTURE DIRECTIONS OF THE REHABILITATION SERVICES ADMINISTRATION

HEARING HELD IN WASHINGTON, D.C., AUGUST 3, 1973

Printed for the use of the Committee on Education and Labor

CARL D. PERKINS, *Chairman*

CG 008 500

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VOCATIONAL REHABILITATION SERVICES

FRIDAY, AUGUST 3, 1973

HOUSE OF REPRESENTATIVES,
SELECT SUBCOMMITTEE ON EDUCATION
OF THE COMMITTEE ON EDUCATION AND LABOR,
Washington, D.C.

The subcommittee met at 10:02 a.m., pursuant to call, in room 2175, Rayburn House Office Building, Hon. John Brademas (chairman of the subcommittee) presiding.

Present: Representatives Brademas, Hansen, and Lehman.

Staff members present: Jack G. Duncan, counsel; Christine M. Orth, assistant to counsel; Gladys M. Walker, clerk; and Martin L. LaVor, minority legislative associate.

[Text of H.R. 8070 follows:]

[H.R. 8070]

A BILL To authorize grants for vocational rehabilitation services, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act, with the following table of contents, may be cited as the "Rehabilitation Act of 1973".

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DECLARATION OF PURPOSE

SEC. 2. The purpose of this Act is to provide a statutory basis for the Rehabilitation Services Administration, to establish within the Department of Health, Education, and Welfare an Office for the Handicapped, and to authorize programs to—

(1) develop and implement comprehensive and continuing State plans for meeting the current and future needs for providing vocational rehabilitation services to handicapped individuals and to provide such services for the benefit of such individuals, serving first those with the most severe handicaps, so that they may prepare for and engage in gainful employment;

(2) evaluate the rehabilitation potential of handicapped individuals;

(3) assist in the construction and improvement of rehabilitation facilities;

(4) develop new and innovative methods of applying the most advanced medical technology, scientific achievement, and psychological and social knowledge to solve rehabilitation problems and develop new and innovative methods of providing rehabilitation services to handicapped individuals through research, special projects, and demonstrations;

(5) initiate and expand services to groups of handicapped individuals (including those who are homebound and institutionalized) who have been underserved in the past;

(6) direct the conduct of various studies and experiments to focus on long neglected problem areas;

(7) promote and expand employment opportunities in the public and private sectors for handicapped individuals and to place such individuals in employment;

(8) provide assistance for the purpose of increasing the number of rehabilitation personnel and increasing their skills through training; and

(9) evaluate existing approaches to architectural and transportation barriers confronting handicapped individuals, develop new such approaches, enforce statutory and regulatory standards and requirements regarding barrier-free construction of public facilities and study and develop solutions to existing housing and transportation barriers impeding handicapped individuals.

REHABILITATION SERVICES ADMINISTRATION

SEC. 3 (a) There is established in the Department of Health, Education, and Welfare a Rehabilitation Services Administration (hereinafter in this Act referred to as the "Administration") which shall be headed by a Commissioner (hereinafter in this Act referred to as the "Commissioner"). Except as specifically provided in this Act, the Administration shall be the principal agency for carrying out this Act. The Secretary shall not approve any delegation of the functions of the Commissioner to any other officer not directly responsible to the Commissioner unless the Secretary shall first submit a plan for such delegation to the Congress. Such delegation is effective at the end of the first period of sixty calendar days of continuous session of Congress after the date on which the plan for such delegation is transmitted to it: *Provided, however,* That within sixty days of such transmittal, the Secretary shall consult with the Committee on Labor and Public Welfare of the Senate and the Committee on Education and Labor of the House of Representatives respecting such proposed delegation. For the purposes of this section, continuity of session is broken only by an adjournment of Congress sine die, and the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of the thirty-day and sixty-day periods.

(b) The Secretary shall establish within the Rehabilitation Services Administration a Center for Technology Assessment and Application, headed by an individual of outstanding scientific and technological achievement, which shall, in consultation with the National Science Foundation and the National Academy of Sciences, be responsible for developing and supporting, and stimulating the development and utilization (including production and distribution of new and existing devices) of, innovative methods of applying advanced medical technology, scientific achievement, and psychological and social knowledge to solve rehabilitation problems, and for administration of the activities described in section 202 (b) (2).

ADVANCE FUNDING

SEC. 4. (a) For the purpose of affording adequate notice of funding available under this Act, appropriations under this Act are authorized to be included in the appropriation Act for the fiscal year preceding the fiscal year for which they are available for obligation.

(b) In order to effect a transition to the advance funding method of timing appropriation action, the authority provided by subsection (a) of this section shall apply notwithstanding that its initial application will result in the enactment in the same year (whether in the same appropriation Act or otherwise) of two separate appropriations, one for the then current fiscal year and one for the succeeding fiscal year.

JOINT FUNDING

SEC. 5. Pursuant to regulations prescribed by the President, and to the extent consistent with the other provisions of this Act, where funds are provided for a single project by more than one Federal agency to an agency or organization assisted under this Act, the Federal agency principally involved may be designated to act for all in administering the funds provided, and, in such cases, a single non-Federal share requirement may be established according to the proportion of funds advanced by each agency. When the principal agency involved is the Rehabilitation Services Administration, it may waive any grant or contract requirement (as defined by such regulations) under or pursuant to any law other than this Act, which requirement is inconsistent with the similar requirements of the administering agency under or pursuant to this Act.

CONSOLIDATED REHABILITATION PLAN

SEC. 6. (a) In order to secure increased flexibility to respond to the varying needs and local conditions within the State, and in order to permit more effective

and interrelated planning and operation of its rehabilitation programs, the State may submit a consolidated rehabilitation plan which includes the State's plan under section 101(a) of this Act and its program for persons with developmental disabilities under the Development Disabilities Services and Facilities Construction Amendments of 1970: Provided, That the agency administering such State's program under such Act concurs in the submission of such a consolidated rehabilitation plan.

(b) Such a consolidated rehabilitation plan must comply with, and be administered in accordance with, all the requirements of this Act and the Developmental Disabilities Services and Facilities Construction Amendments of 1970. If the Secretary finds that all such requirements are satisfied, he may approve the plan to serve in all respects as the substitute for the separate plans which would otherwise be required with respect to each of the programs included therein, or he may advise the State to submit separate plans for such programs.

(c) Findings of noncompliance in the administration of an approved consolidated rehabilitation plan, and any reductions, suspensions, or terminations of assistance as a result thereof, shall be carried out in accordance with the procedures set forth in subsections (c) and (d) of section 101 of this Act.

DEFINITIONS

SEC. 7. For the purposes of this Act:

(1) The term "construction" means the construction of new buildings, the acquisition, expansion, remodeling, alteration, and renovation of existing buildings, and initial equipment of such buildings, and the term "cost of construction" includes architects' fees and acquisition of land in connection with construction but does not include the cost of offsite improvements.

(2) The term "criminal act" means any crime, including an act, omission, or possession under the laws of the United States or a State or unit of general local government which poses a substantial threat of personal injury, notwithstanding that by reason of age, insanity, intoxication, or otherwise the person engaging in the act, omission, or possession was legally incapable of committing a crime.

(3) The term "establishment of a rehabilitation facility" means the acquisition, expansion, remodeling, or alteration of existing buildings necessary to adapt them to rehabilitation facility purposes or to increase their effectiveness for such purposes (subject, however, to such limitations as the Commissioner may determine, in accordance with regulations he shall prescribe, in order to prevent impairment of the objectives of, or duplication of, other Federal laws providing Federal assistance in the construction of such facilities), and the initial equipment for such buildings, and may include the initial staffing thereof.

(4) The term "evaluation of rehabilitation potential" means, as appropriate in each case—

(A) a preliminary diagnostic study to determine that the individual has a substantial handicap to employment, and that vocational rehabilitation services are needed;

(B) a diagnostic study consisting of a comprehensive evaluation of pertinent medical, psychological, vocational, educational, cultural, social, and environmental factors which bear on the individual's handicap to employment and rehabilitation potential including, to the degree needed, an evaluation of the individual's personality, intelligence level, educational achievements, work experience, vocational aptitudes and interests, personal and social adjustments, employment opportunities, and other pertinent data helpful in determining the nature and scope of services needed;

(C) an appraisal of the individual's patterns of work behavior and ability to acquire occupational skill, and to develop work attitudes, work habits, work tolerance, and social and behavior patterns suitable for succesful job performance, including the utilization of work, simulated or real, to assess and develop the individual's capacities to perform adequately in a work environment;

(D) any other goods or services provided for the purpose of ascertaining the nature of the handicap and whether it may reasonably be expected that the individual can benefit from vocational rehabilitation services;

(E) referral;

(F) the administration of these evaluation services; and

(G)(i) the provision of vocational rehabilitation services to any individual for a total period not in excess of eighteen months for the purpose of deter-

mining whether such individual is a handicapped individual, a handicapped individual for whom a vocational goal is not possible or feasible (as determined in accordance with section 102(c)), or neither such individual; and (ii) an assessment, at least once in every ninety-day period during which such services are provided, of the results of the provision of such services to an individual ascertain whether any of the determinations described in subclause (i) may be made.

(5) The term "Federal share" means 80 per centum, except that that term means 90 per centum for the purposes of part C of title I of this Act and as specifically set forth in section 202: *Provided*, That with respect to payments pursuant to part B of title I of this Act to any State which are not used to meet the costs of construction of those rehabilitation facilities identified in section 103(b)(2) in such State, the Federal share shall be the percentages determined in accordance with the provisions of section 202(b)(3) applicable with respect to that State and that, for the purpose of determining the non-Federal share with respect to any State, expenditures by a political subdivision thereof or by a local agency shall, subject to such limitations and conditions as the Commissioner shall by regulation prescribe, be regarded as expenditures by such State.

(6) The term "handicapped individual" means any individual who (A) has a physical or mental disability which for such individual constitutes or results in a substantial handicap to employment and (B) can reasonably be expected to benefit from vocational rehabilitation services.

(7) The term "local agency" means an agency of a unit of general local government or of an Indian tribal organization (or combination of such units or organizations) which has an agreement with the State agency designated pursuant to section 101(a)(1) to conduct a vocational rehabilitation program under the supervision of such State agency in accordance with the State plan approved under section 101. Nothing in the preceding sentence of this paragraph or in section 101 shall be construed to prevent the local agency from utilizing another local public or nonprofit agency to provide vocational rehabilitation services: *Provided*, That such an arrangement is made part of the agreement specified in this paragraph.

(8) The term "nonprofit", when used with respect to a rehabilitation facility, means a rehabilitation facility owned and operated by a corporation or association, no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual and the income of which is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1954.

(9) The term "public safety officer" means a person serving the United States or a State or unit of general local government, with or without compensation, in any activity pertaining to—

(A) the enforcement of the criminal laws, including highway patrol, or the maintenance of civil peace by the National Guard or the Armed Forces,

(B) a correctional program, facility, or institution where the activity is potentially dangerous because of contact with criminal suspects, defendants, prisoners, probationers, or parolees,

(C) a court having criminal or juvenile delinquent jurisdiction where the activity is potentially dangerous because of contact with criminal suspects, defendants, prisoners, probationers, or parolees, or

(D) firefighting, fire prevention, or emergency rescue missions.

(10) The term "rehabilitation facility" means a facility which is operated for the primary purpose of providing vocational rehabilitation services to handicapped individuals, and which provides singly or in combination one or more of the following services for handicapped individuals: (A) vocational rehabilitation services which shall include, under one management, medical, psychological, social, and vocational services, (B) testing, fitting, or training in the use of prosthetic and orthotic devices, (C) prevocational conditioning or recreational therapy, (D) physical and occupational therapy, (E) speech and hearing therapy, (F) psychological and social services, (G) evaluation of rehabilitation potential, (H) personal and work adjustment, (I) vocational training with a view toward career advancement (in combination with other rehabilitation services), (J) evaluation or control of specific disabilities, (K) orientation and mobility services to the blind, and (L) extended employment for those handicapped individuals who cannot be readily absorbed in the competitive labor market, except that all medical and related health services must be prescribed by, or under the formal supervision of, persons licensed to prescribe or supervise the provision of such services in the State.

(11) The term "Secretary", except when the context otherwise requires, means the Secretary of Health, Education, and Welfare.

(12) The term "severe handicap" means the disability which requires multiple services over an extended period of time and results from amputation, blindness, cancer, cerebral palsy, cystic fibrosis, deafness, heart disease, hemiplegia, respiratory or pulmonary dysfunction, mental retardation, mental illness, multiple sclerosis, muscular dystrophy, neurological disorders (including stroke and epilepsy), paraplegia, quadriplegia and other spinal cord conditions, renal failure, and any other disability specified by the Commissioner in regulations he shall prescribe.

(13) The term "State" includes the District of Columbia, the Virgin Islands, Puerto Rico, Guam, American Samoa, and the Trust Territory of the Pacific Islands, and for the purpose of American Samoa and the Trust Territory of the Pacific Islands, the appropriate State agency designated as provided in section 101 (a)(1) shall be the Governor of American Samoa or the High Commissioner of the Trust Territory of the Pacific Islands, as the case may be.

(14) The term "vocational rehabilitation services" means services identified in section 103 which are provided to handicapped individuals under this Act.

ALLOTMENT PERCENTAGE

SEC. 8. (a)(1) The allotment percentage for any State shall be 100 per centum less that percentage which bears the same ratio to 50 per centum as the per capita income of such State bears to the per capita income of the United States, except that (A) the allotment percentage shall in no case be more than 75 per centum or less than 33⅓ per centum, and (B) the allotment percentage for the District of Columbia, Puerto Rico, Guam, the Virgin Islands, American Samoa, and the Trust Territory of the Pacific Islands shall be 75 per centum.

(2) The allotment percentages shall be promulgated by the Commissioner between July 1 and September 30 of each even-numbered year, on the basis of the average of the per capita incomes of the States and of the United States for the three most recent consecutive years for which satisfactory data are available from the Department of Commerce. Such promulgation shall be conclusive for each of the two fiscal years in the period beginning on the July 1 next succeeding such promulgation.

(3) The term "United States" means (but only for purposes of this subsection) the fifty States and the District of Columbia.

(b) The population of the several States and of the United States shall be determined on the basis of the most recent data available, to be furnished by the Department of Commerce by October 1 of the year preceding the fiscal year for which funds are appropriated pursuant to statutory authorizations.

AUDIT

SEC. 9. Each recipient of a grant or contract under this Act shall keep such records as the Secretary may prescribe, including records which fully disclose the amount and disposition by such recipient of the proceeds of such grant or contract, the total cost of the project or undertaking in connection with which such grant or contract is made or funds thereunder used, the amount of that portion of the cost of the project or undertaking supplied by other sources, and such records as will facilitate an effective audit. The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient of any grant or contract under this Act which are pertinent to such grant or contract.

NONDUPLICATION

SEC. 10. In determining the amount of any State's Federal share of expenditures for planning, administration, and services incurred by it under a State plan approved in accordance with section 101 of this Act, there shall be disregarded (1) any portion of such expenditures which are financed by Federal funds provided under any other provision of law, and (2) the amount of any non-Federal funds required to be expended as a condition of receipt of such Federal funds. No payment may be made from funds provided under one provision of this Act relating to any cost with respect to which any payment is made under any other provisions of this Act.

TITLE I—VOCATIONAL REHABILITATION SERVICES

PART A—GENERAL PROVISIONS

DECLARATION OF PURPOSE; AUTHORIZATION OF APPROPRIATIONS

SEC. 100. (a) The purpose of this title is to authorize grants to assist States to meet the current and future needs of handicapped individuals, so that such individuals may prepare for and engage in gainful employment to the extent of their capabilities.

(b)(1) For the purpose of making grants to States under part B of this title to assist them in meeting costs of vocational rehabilitation services provided in accordance with State plans under section 101, there is authorized to be appropriated $660,000,000 for the fiscal year ending June 30, 1974, and $690,000,000 for the fiscal year ending June 30, 1975.

(2) For the purpose of making grants under section 120, relating to grants to States and public and nonprofit agencies to assist them in meeting the costs of projects to initiate or expand services to handicapped individuals (especially those with the most severe handicaps) there is authorized to be appropriated such sums as may be necessary for the fiscal year ending June 30, 1974, and the fiscal year ending June 30, 1975.

STATE PLANS

SEC. 101. (a) For each fiscal year in which a State desires to participate in programs under this title, a State shall submit to the Commissioner for his approval an annual plan for vocational rehabilitation services which shall—

(1)(A) designate a State agency as the sole State agency to administer the plan, to to supervise its administration by a local agency, except that (i) where under the State's law the State agency for the blind or other agency which provides assistance or services to the adult blind, is authorized to provide vocational rehabilitation services to such individuals, such agency may be designated as the sole State agency to administer the part of the plan under which vocational rehabilitation services are provided for the blind (or to supervise the administration of such part by a local agency) and a separate State agency may be designated as the sole State agency with respect to the rest of the State plan, and (ii) the Secretary, upon the request of a State, may authorize such agency to share funding and administrative responsibility with another agency of the State or with a local agency in order to permit such agencies to carry out a joint program to provide services to handicapped individuals, and may waive compliance with respect to vocational rehabilitation services furnished under such programs with the requirement of clause (4) of this subsection that the plan be in effect in all political subdivisions of the State;

(B) provide that the State agency so designated to administer or supervise the administration of the State plan, or (if there are two State agencies designated under subclause (A) of this clause) to supervise or administer the part of the State plan that does not relate to services for the blind, shall be (i) a State agency primarily concerned with vocational rehabilitation, or vocational and other rehabilitation, of handicapped individuals, (ii) the State agency administering or supervising the administration of education or vocational education in the State, or (iii) a State agency which includes at least two other major organizational units each of which administers one or more of the major public education, public health, public welfare, or labor programs of the State;

(2) provide, except in the case of agencies described in clause (1)(B)(i)—

(A) that the State agency designated pursuant to paragraph (1) (or each State agency if two are so designated) shall include a vocational rehabilitation bureau, division, or other organizational unit which (i) is primarily concerned with vocational rehabilitation, or vocational and other rehabilitation, of handicapped individuals, and is responsible for the vocational rehabilitation program of such State agency, (ii) has a full-time director, and (iii) has a staff employed on such rehabilitation work of such organizational unit all or substantially all of whom are employed full time on such work; and

(B)(i) that such unit shall be located at an organizational level and shall have an organizational status within such State agency comparable to that of other major organizational units of such agency, or (ii) in

the case of an agency described in clause (1)(B)(ii), either that such unit shall be so located and have such status, or that the director of such unit shall be the executive officer of such State agency; except that, in the case of a State which has designated only one State agency pursuant to clause (1) of this subsection, such State may, if it so desires, assign responsibility for the part of the plan under which vocational rehabilitation services are provided for the blind to one organizational unit of such agency and assign responsibility for the rest of the plan to another organizational unit of such agency, with the provisions of this clause applying separately to each such units;

(3) provide for financial participation by the State, or if the State so elects, by the State and local agencies to meet the amount of the non-Federal share;

(4) provide that the plan shall be in effect in all political subdivisions, except that in the case of any activity which, in the judgment of the Commissioner, is likely to assist in promoting the vocational rehabilitation of substantially larger numbers of handicapped individuals or groups of handicapped individuals the Commissioner may waive compliance with the requirement herein that the plan be in effect in all political subdivisions of the State to the extent and for such period as may be provided in accordance with regulations prescribed by him, but only if the non-Federal share of the cost of such vocational rehabilitation services is met from funds made available by a local agency (including, to the extent permitted by such regulations, funds contributted to such agency by a private agency, organization, or individual);

(5)(A) contain the plans, policies, and methods to be followed in carrying out the State plan and its administration and supervision, including a description of the method to be used to expand and improve services to handicapped individuals with the most severe handicaps; and, in the event that vocational rehabilitation services cannot be provided to all eligible handicapped individuals who apply for such services, show (i) the order to be followed in selecting individuals to whom vocational rehabilitation services will be provided, and (ii) the outcomes and service goals, and the time within which they may be achieved, for the rehabilitation of such individuals; which order of selection for the provision of vocational rehabilitation services shall be determined on the basis of serving first those individuals with the most severe handicaps and shall be consistent with priorities in such order of selection so determined, and outcome and service goals for serving handicapped individuals, established in regulations prescribed by the Commissioner, and

(B) provide satisfactory assurances to the Commissioner that the State has studied and considered a broad variety of means for providing services to individuals with the most severe handicaps;

(6) provide for such methods of administration, other than methods relating to the establishment and maintenance of personnel standards, as are found by the Commissioner to be necessary for the proper and efficient administration of the plan;

(7) contain (A) provisions relating to the establishment and maintenance of personnel standards, which are consistent with any State licensure laws and regulations, including provisions relating to the tenure, selection, appointment, and qualifications of personnel, and (B) provisions relating to the establishment and maintenance of minimum standards governing the facilities and personnel utilized in the provision of vocational rehabilitation services, but the Commissioner shall exercise no authority with respect to the selection, method of selection, tenure of office, or compensation of any individual employed in accordance with such provisions;

(8) provide, at a minimum, for the provision of the vocational rehabilitation services specified in clauses (1) through (3) of subsection (a) of section 103, and the remainder of such services specified in such section after full consideration of eligibility for similar benefits under any other program, except that, in the case of the vocational rehabilitation services specified in clauses (4) and (5) of subsection (a) of such section, such consideration shall not be required where it would delay the provision of such services to any individual;

(9) provide that (A) an individualized written rehabilitation program meeting the requirements of section 102 will be developed for each handicapped individual eligible for vocational rehabilitation services under this

Act, and (B) such services will be provided under the plan in accordance with such program, and (C) records of the characteristics of each applicant will be kept specifying as to those individuals who apply for services under this title and are determined not to be eligible therefor, the reasons for such determination;

(10) provide that the State agency will make such reports in such form, containing such information (including the data described in subclause (C) of clause (9) of this subsection), periodic estimates of the population of handicapped individuals eligible for services under this Act in such State, specifications of the number of such individuals who will be served with funds provided under this Act and the outcomes and service goals, to be achieved for such individuals in each priority category specified in accordance with clause (5) of this subsection, and the service costs for such category, and at such time as the Commissioner may require to carry out his functions under this title, and comply with such provisions as he may find necessary to assure the correctness and verification of such reports;

(11) provide for entering into cooperative arrangements with, and the utilization of the services and facilities of, the State agencies administering the State's public assistance programs, other programs for handicapped individuals, veterans programs, manpower programs, and public employment offices, and the Social Security Administration of the Department of Health, Education, and Welfare, the Veterans' Administration, and other Federal, State, and local public agencies providing services related to the rehabilitation of handicapped individuals;

(12) provide satisfactory assurances to the Commissioner that, in the provision of vocational rehabilitation services, maximum utilization shall be made of public or other vocational or technical training facilities or other appropriate resources in the community;

(13) (A) provide that the vocational rehabilitation services provided under the State plan shall be available to any civil employee of the United States disabled while in the performance of his duty on the same terms and conditions as apply to other persons, and

(B) provide that special consideration will be given to the rehabilitation under this Act of a handicapped individual whose handicapping condition arises from a disability sustained in the line of duty while such individual was performing as a public safety officer and the proximate cause of such disability was a criminal act, apparent criminal act, or a hazardous condition resulting directly from the officer's performance of duties in direct connection with the enforcement, execution, and administration of law or fire prevention, firefighting, or related public safety activities;

(14) provide that no residence requirement will be imposed which excludes from services under the plan any individual who is present in the State;

(15) provide for continuing statewide studies of the needs of handicapped individuals and how these needs may be most effectively met (including the State's needs for rehabilitation facilities) with a view toward the relative need for services to significant segments of the population of handicapped individuals and the need for expansion of services to those individuals with the most severe handicaps;

(16) provide for (A) periodic review and reevaluation of the status of handicapped individuals placed in extended employment in rehabilitation facilities (including workshops) to determine the feasibility of their employment or training for employment, in the competitive labor market, and (B) maximum efforts to place such individuals in such employment or training whenever it is determined to be feasible;

(A) the Federal share of the cost of construction thereof for a fiscal year will not exceed an amount equal to 10 per centum of the State's allotment for such year,

(B) the provisions of section 208 shall be applicable to such construction and such provisions shall be deemed to apply to such construction; and

(C) there shall be compliance with regulations the Commissioner shall prescribe designed to assure that no State will reduce its efforts in providing other vocational rehabilitation services (other than for the establishment of rehabilitation facilities) because its plan includes such provisions for construction;

(18) provide satisfactory assurance to the Commissioner that the State agency designated pursuant to clause (1) (or each State agency if two are so designated) and any sole local agency administering the plan in a political subdivision of the State will take into account, in connection with matters of general policy arising in the administration of the plan, the views of individuals and groups thereof who are recipients of vocational rehabilitation services (or, in appropriate cases, their parents or guardians), working in the field of vocational rehabilitation, and providers of vocational rehabilitation services; and

(19) provide satisfactory assurances to the Commissioner that the continuing studies required under clause (15) of this subsection, as well as an annual evaluation of the effectiveness of the program in meeting the goals and priorities set forth in the plan, will form the basis for the submission, from time to time as the Commissioner may require, of appropriate amendments to the plan.

(b) The Commissioner shall approve any plan which he finds fulfills the conditions specified in subsection (a) of this section, and he shall disapprove any plan which does not fulfill such conditions. Prior to such disapproval, the Commissioner shall notify a State of his intention to disapprove its plan, and he shall afford such State reasonable notice and opportunity for hearing.

(c) Whenever the Commissioner, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of the State plan approved under this section, finds that—

(1) the plan has been so changed that it no longer complies with the requirements of subsection (a) of this section; or

(2) in the administration of the plan there is a failure to comply substantially with any such provisions,

the Commissioner shall notify such State agency that no further payments will be made to the State under this title (or, in his discretion, that such further payments will be reduced, in accordance with regulations the Commissioner shall prescribe, or that further payments will not be made to the State only for the projects under the parts of the State plan affected by such failure), until he is satisfied there is no longer any such failure. Until he is so satisfied, the Commissioner shall make no further payments to such State under this title (or shall limit payments to projects under those parts of the State plan in which there is no such failure).

(d) If any State is dissatisfied with the Commissioner's action under subsection (b) or (c) of this section, such State may appeal to the United States district court for the district where the capital of such State is located and judicial review of such action shall be on the record in accordance with the provisions of chapter 7 of title 5, United States Code.

INDIVIDUALIZED WRITTEN REHABILITATION PROGRAM

SEC. 102. (a) The Commissioner shall insure that the individualized written rehabilitation program required by section 101(a)(9) in the case of each handicapped individual is developed jointly by the vocational rehabilitation counselor or coordinator and the handicapped individual (or, in appropriate cases, his parents or guardians), and that such program meets the requirements set forth in subsection (b) of this section. Such written program shall set forth the terms and conditions under which goods and services will be provided to the individual.

(b) Each individualized written rehabilitation program shall be reviewed on an annual basis at which time each such individual (or, in appropriate cases, his parents or guardians) will be afforded an opportunity to review such program and reconsider its terms. Such program shall include, but not be limited to (1) a statement of long-range rehabilitation goals for the individual and intermediate rehabilitation objectives related to the attainment of such goals, (2) a statement of the specific vocational rehabilitation services to be provided, (3) the projected date for the initiation and the anticipated duration of each such service, and (4) objective criteria and an evaluation procedure and schedule for determining whether such objectives and goals are being achieved.

(c) The Commissioner shall also insure that (1) in developing and carrying out the individualized written rehabilitation program required by section 101 in the case of each handicapped individual primary emphasis is placed upon the determination and achievement of a vocational goal for such individual, (2) a decision that such an individual is not capable of achieving such a goal, and thus

not eligible for vocational rehabilitation services provided with assistance under this part, is made only in full consultation with such individual (or, in appropriate cases, his parents or guardians), and only upon the certification, as an amendment to such written program, that the evaluation of rehabilitation potential has demonstrated beyond any reasonable doubt that such individual is not then capable of achieving such a goal, and (3) any such decision shall be reviewed at least annually in accordance with the procedure and criteria established in this section.

SCOPE OF VOCATIONAL REHABILITATION SERVICES

SEC. 103. (a) Vocational rehabilitation services provided under this Act are any goods or services necessary to render a handicapped individual employable, including, but not limited to, the following:

(1) evaluation of rehabilitation potential, including diagnostic and related services, incidental to the determination of eligibility for, and the nature and scope of, services to be provided, including, where appropriate, examination by a physician skilled in the diagnosis and treatment of emotional disorders, or by a licensed psychologist in accordance with State laws and regulations, or both;

(2) counseling, guidance, referral, and placement services for handicapped individuals, including follow-up, follow-along, and other postemployment services necessary to assist such individuals to maintain their employment and services designed to help handicapped individuals secure needed services from other agencies, where such services are not available under this Act;

(3) vocational and other training services for handicapped individuals, which shall include personal and vocational adjustment, books, and other training materials, and services to the families of such individuals as are necessary to the adjustment or rehabilitation of such individuals: *Provided*, That no training services in institutions of higher education shall be paid for with funds under this title of this Act unless maximum efforts have been made to secure grant assistance, in whole or in part, from other sources to pay for such training;

(4) physical and mental restoration services, including, but not limited to, (A) corrective surgery or therapeutic treatment necessary to correct or substantially modify a physical or mental condition which is stable or slowly progressive and constitutes a substantial handicap to employment, but is of such nature that such correction or modification may reasonably be expected to eliminate or substantially reduce the handicap within a reasonable length of time, (B) necessary hospitalization in connection with surgery or treatment, (C) prosthetic and orthotic devices, (D) eyeglasses and visual services as prescribed by a physician skilled in the diseases of the eye or by an optometrist, whichever the individual may select, (E) special services (including transplantation and dialysis), artificial kidneys, and supplies necessary for the treatment of individuals suffering from end-stage renal disease, and (F) diagnosis and treatment for mental and emotional disorders by a physician or licensed psychologist in accordance with State licensure laws;

(5) maintenance, not exceeding the estimated cost of subsistence, during rehabilitation;

(6) interpreter services for the deaf, and reader services for those individuals determined to be blind after an examination by a physician skilled in the diseases of the eye or by an optometrist, whichever the individual may select;

(7) recruitment and training services for handicapped individuals to provide them with new employment opportunities in the fields of rehabilitation, health, welfare, public safety, and law enforcement, and other appropriate service employment;

(8) rehabilitation teaching services and orientation and mobility services for the blind;

(9) occupational licenses, tools, equipment, and initial stocks and supplies;

(10) transportation in connection with the rendering of any vocational rehabilitation service; and

(11) telecommunications, sensory, and other technological aids and devices.

(b) Vocational rehabilitation services, when provided for the benefit of groups of individuals, may also include the following:

(1) in the case of any type of small business operated by individuals with the most severe handicaps the operation of which can be improved by management services and supervision provided by the State agency, the provision of such services and supervision, alone or together with the acquisition by the State agency of vending facilities or other equipment and initial stocks and supplies; and

(2) the construction or establishment of public or nonprofit rehabilitation facilities and the provision of other facilities and services which promise to contribute substantially to the rehabilitation of a group of individuals but which are not related directly to the individualized written rehabilitation program of any one handicapped individuals.

NON-FEDERAL SHARE FOR CONSTRUCTION

SEC. 104. For the purpose of determining the amount of payments to States for carrying out part B of this title, the non-Federal share, subject to such limitations and conditions as may be prescribed in regulations by the Commissioner, shall include contributions of funds made by any private agency, organization, or individual to a State or local agency to assist in meeting the cost of construction or establishment of a public or nonprofit rehabilitation facility, which would be regarded as State or local funds except for the condition, imposed by the contributor, limiting use of such funds to construction or establishment of such facility.

PART B—BASIC VOCATIONAL REHABILITATION SERVICES

STATE ALLOTMENTS

SEC. 110. (a) For each fiscal year, each State shall be entitled to an allotment of an amount bearing the same ratio to the amount authorized to be appropriated under subsection (b)(1) of section 100 for allotment under this section as the product of (1) the population of the State and (2) the square of its allotment percentage bears to the sum of the corresponding products for all the States. The allotment to any State (other than Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands) under the first sentence of this subsection for any fiscal year which is less than one-quarter of 1 per centum of the amount appropriated under section 100(b)(1), or $2,000,000, whichever is greater, shall be increased to that amount, the total of the increases thereby required being derived by proportionately reducing the allotments to each of the remaining such States under the first sentence of this subsection, but with such adjustments as may be necessary to prevent the allotment of any such remaining States from being thereby reduced to less than that amount.

(b) If the allotment to a State under subsection (a) for a fiscal year is less than the total payments such State received under section 2 of the Vocational Rehabilitation Act for the fiscal year ending June 30, 1973, such State shall be entitled to an additional amount equal to the difference between such allotment under subsection (a) and the amount so received by it. Payments attributable to the additional allotment to a State under this subsection shall be made from appropriations made to carry out this subsection, and such appropriations are hereby authorized.

(c) Whenever the Commissioner determines that any amount of an allotment to a State under subsection (a) for any fiscal year will not be utilized by such State in carrying out the purposes of this title, he shall make such amount available for carrying out the purposes of this title to one or more other States to the extent he determines such other State will be able to use such additional amount during such year for carrying out such purposes. Any amount made available to a State for any fiscal year pursuant to the preceding sentence shall, for the purposes of this part, be regarded as an increase of such State's allotment (as determined under the preceding provisions of this section) for such year.

PAYMENTS TO STATES

SEC. 111. (a) From each State's allotment under this part for any fiscal year (including any additional allotment to it under subsection (b)), the Commissioner shall pay to such State an amount equal to the Federal share of the cost of vocational rehabilitation services under the plan for such State approved under section 101, including expenditures for the administration of the State plan, except that the total of such payments to such State for such fiscal year may not exceed its allotment under subsection (a) (and its additional allotment

under subsection (b), if any) of section 110 for such year and such payments shall not be made in an amount which would result in a violation of the provisions of the State plan required by clause (17) of section 101(a), and except that the amount otherwise payable to such State for such year under this section shall be reduced by the amount (if any) by which expenditures from non-Federal sources during such year under this title are less than expenditures under the State plan for the fiscal year ending June 30, 1972, under the Vocational Rehabilitation Act.

(b) The method of computing and paying amounts pursuant to subsection (a) shall be as follows:

(1) The Commissioner shall, prior to the beginning of each calendar quarter or other period prescribed by him, estimate the amount to be paid to each State under the provisions of such subsection for such period, such estimate to be based on such records of the State and information furnished by it, and such other investigation, as the Commissioner may find necessary.

(2) The Commissioner shall pay, from the allotment available therefor, the amount so estimated by him for such period, reduced or increased, as the case may be, by any sum (not previously adjusted under this paragraph) by which he finds that his estimate of the amount to be paid the State for any prior period under such subsection was greater or less than the amount which should have been paid to the State for such prior period under such subsection. Such payment shall be made prior to audit or settlement by the General Accounting Office, shall be made through the disbursing facilities of the Treasury Department, and shall be made in such installments as the Commissioner may determine.

PART C—INNOVATION AND EXPANSION GRANTS

GRANT PROGRAM

SEC. 120. (a)(1) From the sums available pursuant to section 100(b)(2) of any fiscal year for grants to States to assist them in meeting the costs described in subsection (b), each State shall be entitled to an allotment of an amount bearing the same ratio to such sums as the population of the State bears to the population of all the States. The allotment to any State under the preceding sentence for any fiscal year which is less than $50,000 (or such other amount as may be specified as a minimum allotment in the Act appropriating such sums for such year) shall be increased to that amount, and for the fiscal year ending June 30, 1974, no State shall receive less than the amount necessary to cover up to 90 per centum of the cost of continuing projects assisted under section 4(a)(2)(A) of the Vocational Rehabilitation Act, except that no such project may receive financial assistance under both the Vocational Rehabilitation Act and this Act for a total period of time in excess of three years. The total of the increase required by the preceding sentence shall be derived by proportionately reducing the allotments to each of the remaining States under the first sentence of this section, but with such adjustments as may be necessary to prevent the allotment of any such remaining States from thereby being reduced to less than $50,000.

(2) Whenever the Commissioner determines that any amount of an allotment to a State for any fiscal year will not be utilized by such State in carrying out the purposes of this section, he shall make such amount available for carrying out the purposes of this section to one or more other States which he determines will be able to use additional amounts during such year for carrying out such purposes. Any amount made available to a State for any fiscal year pursuant to the preceding sentence shall, for purposes of this part, be regarded as an increase of such State's allotment (as determined under the preceding provisions of this section) for such year.

(b)(1) From each State's allotment under this section for any fiscal year, the Commissioner shall pay to such State or, at the option of the State agency designated pursuant to section 101(a)(1), to a public or nonprofit organization or agency, a portion of the cost of planning, preparing for, and initiating special programs under the State plan approved pursuant to section 101 to expand vocational rehabilitation services, including programs to initiate or expand such services to individuals with the most severe handicaps, or of special programs under such State plan to initiate or expand services to classes of handicapped individuals who have unusual and difficult problems in connection with their rehabilitation, particularly handicapped individuals who are poor, and responsibility for whose treatment, education, and rehabilitation is shared by the State

agency designated in section 101 with other agencies. The Commissioner may require that any portion of a State's allotment under this section, but not more than 50 per centum of such allotment, may be expended in connection with only such projects as have first been approved by the Commissioner. Any grant of funds under this section which will be used for direct services to handicapped individuals or for establishing or maintaining facilities which will render direct services to such individuals must have the prior approval of the appropriate State agency designated pursuant to section 101.

(2) Payments under this section with respect to any project may be made for a period of not to exceed three years beginning with the commencement of the project as approved, and sums appropriated for grants under this section shall remain available for such grants through the fiscal year ending June 30, 1976. Payments with respect to any project may not exceed 90 per centum of the cost of such project. The non-Federal share of the cost of a project may be in cash or in kind and may include funds spent for project purposes by a cooperating public or nonprofit agency provided that it is not included as a cost in any other federally financed program.

(3) Payments under this section may be made in advance or by way of reimbursement for services performed and purchases made, as may be determined by the Commissioner, and shall be made on such conditions as the Commissioner finds necessary to carry out the purposes of this section.

SPECIAL STUDY, RESEARCH, AND DEMONSTRATION ON THE NEEDS OF THE SEVERELY HANDICAPPED

SEC. 121. (a) The Commissioner shall conduct a comprehensive study, including research and demonstration projects of the feasibility of methods designed (1) to prepare individuals with the most severe handicaps for entry into programs under this Act who would not otherwise be eligible to enter such programs due to the severity of their handicap, and (2) to assist individuals with the most severe handicaps who, due to the severity of their handicaps or other factors such as their age, cannot reasonably be expected to be rehabilitated for employment, but for whom a program of rehabilitation could improve his ability to live independently or function normally within his family and community. Such study shall encompass the extent to which other programs administered by the Commissioner do or might contribute to the objectives set forth in clauses (1) and (2) of the preceding sentence and methods by which all such programs can be coordinated at Federal, State, and local levels with those carried out under this Act to the end that individuals with the most severe handicaps are assured of receiving the kinds of assistance necessary for them to achieve such objectives.

(b) The Commissioner shall report the findings of the study, research, and demonstrations directed by subsection (a) of this section to the Congress and to the President together with such recommendations for legislative or other action as he may find desirable, not later than June 30, 1975.

TITLE II—SPECIAL FEDERAL RESPONSIBILITIES

RESEARCH

SEC. 200. (a) The Commissioner is authorized to make grants to and contracts with States and public or nonprofit agencies and organizations, including institutions of higher education, to pay part of the cost of projects for the purpose of planning and conducting research, demonstrations, and related activities which bear directly on the development of methods, procedures, and devices to assist in the provision of vocational rehabilitation services to handicapped individuals, especially those with the most severe handicaps, under this Act. Such projects may include medical and other scientific, technical, methodological, and other investigations into the nature of disability, methods of analyzing it, and restorative techniques; studies and analyses of industrial, vocational, social, psychological, economic, and other factors affecting rehabilitation of handicapped individuals; special problems of homebound and institutionalized individuals; studies and analyses of architectural and engineering design adapted to meet the special needs of handicapped individuals; and related activities which hold promise of increasing knowledge and improving methods in the rehabilitation of handicapped individuals and individuals with the most severe handicaps.

(b) In addition to carrying out projects under subsection (a) of this section, the Commissioner is authorized to make grants to pay part or all of the cost of the following specialized research activities:

(1) Establishment and support of Rehabilitation Research and Training Centers to be operated in collaboration with institutions of higher education for the purpose of providing coordinated and advanced programs of research in rehabilitation and training of rehabilitation research personnel, including, but not limited to, graduate training. Grants may include funds for services rendered by such a center to handicapped individuals in connection with such research and training activities.

(2) Establishment and support of Rehabilitation Engineering Research Centers to (A) develop innovative methods of applying advanced medical technology, scientific achievement, and psychological and social knowledge to solve rehabilitation problems through planning and conducting research, including cooperative research with public or private agencies and organizations, designed to produce new scientific knowledge, equipment, and devices suitable for solving problems in the rehabilitation of handicapped individuals and for reducing environmental barriers, and to (B) cooperate with the Office for the Handicapped and State agencies designed pursuant to section 101 in developing systems of information exchange and coordination to promote the prompt utilization of engineering and other scientific research to assist in solving problems in the rehabilitation of handicapped individuals:

(3) Conduct of a program for spinal cord injury research, to include support of spinal cord injuries projects and demonstrations established pursuant to section 303(b), which will (A) insure dissemination of research findings among all such centers, (B) provide encouragement and support for initiatives and new approaches by individual and institutional investigators, and (C) establish and maintain close working relationships with other governmental and voluntary institutions and organizations engaged in similar efforts, in order to unify and coordinate scientific efforts, encourage joint planning, and promote the interchange of data and reports among spinal cord injury investigators.

(4) Conduct a program for end-stage renal disease research, to include support of projects and demonstrations for providing special services (including transplantation and dialysis), artificial kidneys, and supplies necessary for the rehabilitation of individuals suffering from such disease and which will (A) insure dissemination of research findings, (B) provide encouragement and support for initiatives and new approaches by individual and institutional investigators, and (C) establish and maintain close working relationships with other governmental and voluntary institutions and organizations engaged in similar efforts, in order to unify and coordinate scientific efforts, encourage joint planning, and promote the interchange of data and reports among investigators in the field of end-stage renal disease. No person shall be selected to participate in such program who is eligible for services for such disease under any other provision of law.

(5) Conduct of a program for international rehabilitation research, demonstration, and training for the purpose of developing new knowledge and methods in the rehabilitation of handicapped individuals in the United States, cooperating with and assisting in developing and sharing information found useful in other nations in the rehabilitation of handicapped individuals, and inviting a program to exchange experts and technical assistance in the field of rehabilitation of handicapped individuals with other nations as a means of increasing the levels of skill of rehabilitation personnel.

(c) There are authorized to be appropriated such sums as may be necessary to carry out this section for the fiscal years ending June 30, 1974, and June 30, 1975. The provisions of section 208 shall apply to assistance provided under this section, unless the context indicates to the contrary.

TRAINING

SEC. 201. (a) The Commissioner is authorized to make grants to and contracts with States and public or nonprofit agencies and organizations, including institutions of higher education, to pay part of the cost of projects for training, traineeships, and related activities designed to assist in increasing the numbers of personnel trained in providing vocational rehabilitation services to handicapped individuals and in performing other functions necessary to the development of such services.

(b) In making such grants or contracts, funds made available for any year will be utilized to provide a balanced program of assistance to meet the medical, vocational, and other personnel training needs of both public and private rehabilitation programs and institutions, to include projects in rehabilitation medicine, rehabilitation nursing, rehabilitation counseling, rehabilitation social

work, rehabilitation psychology, physical therapy, occupational therapy, speech pathology and audiology, workshop and facility administration, prosthetics and orthotics, specialized personnel in services to the blind and the deaf, recreation for ill and handicapped individuals, and other fields contributing to the rehabilitation of handicapped individuals, including homebound and institutionalized individuals and handicapped individuals with limited English-speaking ability. No grant shall be made under this section for furnishing to an individual any one course of study extending for a period in excess of four years.

(c) There are authorized to be appropriated such sums as may be necessary to carry out this section for the fiscal years ending June 30, 1974, and June 30, 1975.

GRANTS FOR CONSTRUCTION OF REHABILITATION FACILITIES

SEC. 202. (a) For the purpose of making grants and contracts under this section for construction of rehabilitation facilities, initial staffing, and planning assistance, there is authorized to be appropriated such sums as may be necessary for the fiscal years ending June 30, 1974, and June 30, 1975. Amounts so appropriated shall remain available for expenditure with respect to construction projects funded or initial staffing grants made under this section prior to July 1, 1977.

(b)(1) The Commissioner is authorized to make grants to assist in meeting the costs of construction of public or nonprofit rehabilitation facilities. Such grants may be made to States and public or nonprofit organizations and agencies for projects for which applications are approved by the Commissioner under this section.

(2) To be approved, an application for a grant for a construction project under this section must conform to the provisions of section 208.

(3) The amount of a grant under this section with respect to any construction project in any State shall be equal to the same percentage of the cost of such project as the Federal share which is applicable in the case of rehabilitation facilities (as defined in section 645(g) of the Public Health Service Act (42 U.S.C. 291a(a)), in such State, except that if the Federal share with respect to rehabilitation facilities in such State is determined pursuant to subparagraph (b)(2) of section 645 of such Act (42 U.S.C. 291o(b)(2)), the percentage of the cost for purposes of this section shall be determined in accordance with regulations prescribed by the Commissioner designed to achieve as nearly as practicable results comparable to the results obtained under such subparagraph.

(c) The Commissioner is also authorized to make grants to assist in the initial staffing of any public or nonprofit rehabilitation facility constructed after the date of enactment of this section (whether or not such construction was financed with the aid of a grant under this section) by covering part of the cost (determined in accordance with regulations the Commissioner shall prescribe) of compensation of professional or technical personnel of such facility during the period beginning with the commencement of the operation of such facility and ending with the close of four years and three months after the month in which such operation commenced. Such grants with respect to any facility may not exceed 75 per centum of such costs for the period ending with the close of the fifteenth month following the month in which such operation commenced, 60 per centum of such costs for the first year thereafter, 45 per centum of such costs for the second year thereafter, and 30 per centum of such costs for the third year thereafter.

(d) The Commissioner is also authorized to make grants upon application approved by the State agency designated under section 101 to administer the State plan, to public or nonprofit agencies, institutions, or organizations to assist them in meeting the cost of planning rehabilitation facilities and the services to be provided by such facilities.

VOCATIONAL TRAINING SERVICES FOR HANDICAPPED INDIVIDUALS

SEC. 203. (a) For the purpose of making grants and contracts under this section, there is authorized to be appropriated such sums as may be necessary for the fiscal years ending June 30, 1974, and June 30, 1975.

(b)(1) The Commissioner is authorized to make grants to States and public or nonprofit organizations and agencies to pay up to 90 per centum of the cost of projects for providing vocational training services to handicapped individuals, especially those with the most severe handicaps, in public or nonprofit rehabilitation facilities.

(2)(A) Vocational training services for purposes of this subsection shall include training with a view toward career advancement; training in occupational skills; related services, including work evaluation, work testing, provision of occupational tools and equipment required by the individual to engage in such training, and job tryouts; and payment of weekly allowances to individuals receiving such training and related services.

(B) Such allowances may not be paid to any individual for any period in excess of two years, and such allowances for any week shall not exceed $30 plus $10 for each of the individual's dependents; or $70, whichever is less. In determining the amount of such allowances for any individual consideration shall be given to the individual's need for such an allowance, including any expenses reasonably attributable to receipt of training services, the extent to which such an allowance will help assure entry into and satisfactory completion of training, and such other factors, specified by the Commissioner, as will promote such individual's capacity to engage in gainful and suitable employment.

(3) The Commissioner may make a grant for a project pursuant to this subsection only on his determination that (A) the purpose of such project is to prepare handicapped individuals, especially those with the most severe handicaps, for gainful and suitable employment; (B) the individuals to receive training services under such project will include only those who have been determined to be suitable for and in need of such training services by the State agency or agencies designated as provided in section 101(a)(1) of the State in which the rehabilitation facility is located; (C) the full range of training services will be made available to each such individual, to the extent of his need for such services; and (D) the project, including the participating rehabilitation facility and the training services provided, meet such other requirements as he may prescribe in regulations for carrying out the purposes of this subsection.

(c)(1) The Commissioner is authorized to make grants to public or nonprofit rehabilitation facilities, or to an organization or combination of such facilities, to pay the Federal share of the cost of projects to analyze, improve, and increase their professional services to handicapped individuals, their management effectiveness, or any other part of their operations affecting their capacity to provide employment and services for such individuals.

(2) No part of any grant made pursuant to this subsection may be used to pay costs of acquiring, constructing, expanding, remodeling, or altering any building.

MORTGAGE INSURANCE FOR REHABILITATION FACILITIES

SEC. 204. (a) It is the purpose of this section to assist and encourage the provision of urgently needed facilities for programs for handicapped individuals.

(b) For the purpose of this section the terms "mortgage", "mortgagor", "mortgagee", "maturity date", and "State" shall have the meanings respectively set forth in section 207 of the National Housing Act.

(c) The Commissioner, in consultation with the Secretary of Housing and Urban Development, and subject to the provisions of section 313, is authorized to insure up to 100 per centum of any mortgage (including advances on such mortgage during construction) in accordance with the provisions of this section upon such terms and conditions as he may prescribe and make commitments for insurance of such mortgage prior to the date of its execution or disbursement thereon, except that no mortgage of any public agency shall be insured under this section if the interest from such mortgage is exempt from Federal taxation.

(d) In order to carry out the purpose of this section, the Commissioner is authorized to insure any mortgage which covers construction of a public or nonprofit rehabilitation facility, including equipment to be used in its operation, subject to the following conditions:

(1) The mortgage shall be executed by a mortgagor, approved by the Commissioner, who demonstrates ability successfully to operate one or more programs for handicapped individuals. The Secretary may in his discretion require any such mortgagor to be regulated or restricted as to minimum charges and methods of financing, and, in addition thereto, if the mortgagor is a corporate entity, as to capital structure and rate of return. As an aid to the regulation or restriction of any mortgagor with respect to any of the foregoing matters, the Commissioner may make such contracts with and acquire for not to exceed $100 such stock of interest in such mortgagor as he may deem necessary. Any stock or interest so purchased shall be paid for out of the Rehabilitation Facilities Insurance Fund (established by subsection (h) of this section), and shall be redeemed by the mortgagor at par

upon the termination of all obligations of the Commissioner under the insurance.

(2) The mortgage shall involve a principal obligation in an amount not to exceed 90 per centum of the estimated replacement cost of the property or project, including equipment to be used in the operation of the rehabilitation facility, when the proposed improvements are completed and the equipment is installed, but not including any cost covered by grants in aid under this Act or any other Federal Act.

(3) The mortgage shall—

(A) provide for complete amortization by periodic payments within such term as the Commissioner shall prescribe, and

(B) bear interest (exclusive of premium charges for insurance and service charges, if any) at not to exceed such per centum per annum on the principal obligation outstanding at any time as the Commissioner finds necessary to meet the mortgage market.

(e) The Commissioner shall fix and collect premium charges for the insurance of mortgages under this section which shall be payable annually in advance by the mortgagee, either in cash or in debentures of the Rehabilitation Facilities Insurance Fund (established by subsection (h) of this section) issued at par plus accrued interest. In the case of any mortgage such charge shall be not less than an amount equivalent to one-fourth of 1 per centum per annum nor more than an amount equivalent to 1 per centum per annum of the amount of the principal obligation of the mortgage outstanding at any one time, without taking into account delinquent payments or prepayments. In addition to the premium charge herein provided for, the Commissioner is authorized to charge and collect such amounts as he may deem reasonable for the appraisal of a property or project during construction; but such charges for appraisal and inspection shall not aggregate more than 1 per centum of the original principal face amount of the mortgage.

(f) The Commissioner may consent to the release of a part or parts of the mortgaged property or project from the lien of any mortgage insured under this section upon such terms and conditions as he shall by regulation prescribe.

(g) (1) The Commissioner shall have the same functions, powers, and duties (insofar as applicable) with respect to the insurance of mortgages under this section as the Secretary of Housing and Urban Development has with respect to the insurance of mortgages under title II of the National Housing Act. The Commissioner may, pursuant to a formal delegation agreement containing regulations prescribed by him, delegate to the Secretary of Housing and Urban Development authority to administer this section and section 304 of this Act in accordance with such delegation agreement.

(2) The provisions of subsections (e), (g), (h), (i), (j), (k), (l), and (n) of section 207 of the National Housing Act shall apply to mortgages insured under this section; except that, for the purposes of their application with respect to such mortgages, all references in such provisions to the General Insurance Fund shall be deemed to refer to the Rehabilitation Facilities Insurance Fund (established by subsection (h) of this section) and all references in such provisions to "Secretary" shall be deemed to refer to the Commissioner of the Rehabilitation Services Administration within the Department of Health, Education, and Welfare.

(h) (1) There is hereby created a Rehabilitation Facilities Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out all the insurance provisions of this section. All mortgages insured under this section shall be insured under and be the obligation of the Rehabilitation Facilities Insurance Fund.

(2) The general expenses of the operations of the Rehabilitation Services Administration relating to mortgages insured under this section may be charged to the Rehabilitation Facilities Insurance Fund.

(3) Moneys in he Rehabilitation Facilities Insurance Fund not needed for the current operations of the Rehabilitation Services Administration with respect to mortgages insured under this section shall be deposited with the Treasurer of the United States to the credit of such fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued as obligations of the Rehabilitation Facilities Insurance Fund. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

(4) Premium charges, adjusted premium charges, and appraisals, and other fees received on account of the insurance of any mortgage under this section, the receipts derived from property covered by such mortgages and from any claims, debts, contracts, property, and security assigned to the Commissioner in connection therewith, and all earnings as the assets of the fund, shall be credited to the Rehabilitation Facilities Insurance Fund. The principal of, and interest paid and to be paid on, debentures which are the obligation of such fund, cash insurance payments, and adjustments, and expense incurred in the handling, management, renovation, and disposal of properties acquired, in connection with mortgages insured under this section, shall be charged to such fund.

(5) There are authorized to be appropriated to provide initial capital for the Rehabilitation Facilities Insurance Fund, and to assure the soundness of such fund thereafter, such sums as may be necessary, except that the total amount of outstanding mortgages insured shall not exceed $250,000,000.

ANNUAL INTEREST GRANTS FOR MORTGAGES FOR REHABILITATION FACILITIES

SEC. 205. (a) To assist States and public or nonprofit agencies and organizations to reduce the cost of borrowing from other sources for the construction of rehabilitation facilities, the Commissioner, subject to the provisions of section 208, may make annual interest grants to such agencies.

(b) Annual interest grants under this section with respect to any rehabilitation facility shall be made over a fixed period not exceeding forty years, and provision for such grants shall be embodied in a contract guaranteeing their payment over such period. Each such grant shall be in an amount sufficient to reduce by 4 per centum the net effective interest rate otherwise payable on the loan or to equal one-half of such rate, whichever is the lesser amount: *Provided*, That amount on which such grant is based shall be approved by the Commissioner.

(c)(1) There are authorized to be appropriated to the Commissioner such sums as may be necessary for the payment of annual interest grants in accordance with this section.

(2) Contracts for annual interest grants under this section shall not be entered into in an aggregate amount greater than is authorized in appropriation Acts; and in any event the total amount of annual interest grants which may be paid pursuant to contracts entered into under this section shall not exceed $1,000,000 with respect to contracts entered into prior to June 30, 1974; and $4,000,000 with respect to contracts entered into prior to June 30, 1975.

(3) Not more than 15 per centum of the funds expended under this section may be used within any one State in any one fiscal year.

SPECIAL PROJECTS AND DEMONSTRATIONS

SEC. 206. (a) For the purpose of making grants under this section for special projects and demonstrations (and research and evaluation connected therewith), there is authorized to be appropriated such sums as may be necessary for the fiscal years ending June 30, 1974, and June 30, 1975.

(b) The Commissioner, subject to the provisions of section 208, shall make grants to States and public or nonprofit agencies and organizations for paying part or all of the cost of special projects and demonstrations (and research and evaluation in connection therewith) (1) for establishing programs and facilities for providing vocational rehabilitation services to individuals with spinal cord injuries, older blind individuals, and deaf individuals whose maximum potential has not been achieved which holds promise of expanding or otherwise improving rehabilitation services to handicapped individuals, especially those with the most severe handicaps and (2) for applying new types or patterns of services or devices (including opportunities for new careers for handicapped individuals for other individuals in program servicing handicapped individuals).

(c) The Commissioner, subject to the provisions of section 208, is authorized to make grants to any State agency designated pursuant to a State plan approved under section 101, or to any local agency participating in the administration of such a plan, to pay up to 90 per centum of the cost of projects or demonstrations for the provision of vocational or comprehensive rehabilitation services to handicapped individuals who, as determined in accordance with rules prescribed by the Secretary of Labor, are migratory agricultural workers or seasonal farmworkers, and to members of their families (whether or not handicapped) who are with them, including maintenance and transportation of such individuals and members of their families where necessary to the rehabilitation of such in-

dividuals. Maintenance payments under this section shall be consistent with any maintenance payments made to other handicapped individuals in the State under this Act. Such grants shall be conditioned upon satisfactory assurance that in the provision of such services there will be appropriate cooperation between the grantee and other public or nonprofit agencies and organizations having special skills and experience in the provision of services to migratory agricultural workers, seasonal farmworkers, or their families. This subsection shall be administered in coordination with other programs serving migrant agricultural workers and seasonal farmworkers, including programs under title I of the Elementary and Secondary Education Act of 1965, section 311 of the Economic Opportunity Act of 1964, the Migrant Health Act, and the Farm Labor Contractor Registration Act of 1963.

(d) The Commissioner is authorized to make contracts or jointly financed cooperative arrangements with employers and organizations for the establishment of projects designed to prepare handicapped individuals for gainful and suitable employment in the competitive labor market under which handicapped individuals are provided training and employment in a realistic work setting and such other services (determined in accordance with regulations prescribed by the Commissioner) as may be necessary for such individuals to continue to engage in such employment.

(e)(1) The Commissioner is authorized, directly or by contract with State vocational rehabilitation agencies or experts or consultants or groups thereof, to provide technical assistance (A) to rehabilitation facilities, and (B) for the purpose of removal of architectural and transportation barriers, to any public or nonprofit agency, institution, organization or facility.

(2) Any such experts or consultants shall, while serving pursuant to such contracts, be entitled to receive compensation at rates fixed by the Commissioner, but not exceeding the pro rata pay rate for a person employed as a GS–18, under section 5332 of title 5, United States Code, including traveltime, and while so serving away from their homes or regular places of business, they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

NATIONAL CENTER FOR DEAF-BLIND YOUTHS AND ADULTS

SEC. 207. (a) For the purpose of establishing and operating a National Center for Deaf-Blind Youths and Adults, there is authorized to be appropriated such sums as may be necessary for construction, which shall remain available until expended, and such sums as may be necessary for operations for the fiscal years ending June 30, 1974, and June 30, 1975.

(b) In order—

(1) to demonstrate methods of (A) providing the specialized intensive services, and other services, needed to rehabilitate handicapped individuals who are both deaf and blind, and (B) training the professional and allied personnel needed adequately to staff facilities specially designed to provide such services and training to such personnel who have been or will be working with deaf-blind individuals;

(2) to conduct research in the problems of, and ways of meeting the problems of rehabilitating, deaf-blind individuals; and

(3) to aid in the conduct of related activities which will expand or improve the services for or help improve public understanding of the problems of deaf-blind individuals;

the Commissioner, subject to the provisions of section 208, is authorized to enter into an agreement with any public or nonprofit agency or organization for payment by the United States of all or part of the costs of the establishment and operation, including construction and equipment, of a center for vocational rehabilitation of handicapped individuals who are both deaf and blind, which center shall be known as the National Center for Deaf-Blind Youths and Adults.

(c) Any agency or organization desiring to enter into such agreement shall submit a proposal therefor at such time, in such manner, and containing such information as may be prescribed in regulations by the Commissioner. In considering such proposals the Commissioner shall give preference to proposals which (1) give promise of maximum effectiveness in the organization and operation of such Center, and (2) give promise of offering the most substantial skill, experience, and capability in providing a broad program of service, research, training, and related activities in the field of rehabilitation of deaf-blind individuals.

GENERAL GRANT AND CONTRACT REQUIREMENTS

SEC. 208. (a) The provisions of this section shall apply to all projects (including annual interest grants) approved and assisted under this title. The Commissioner shall insure compliance with this section prior to making any grant or entering into any contract or agreement under this title, except projects authorized under section 203.

(b) To be approved, an application for assistance for a construction project under this title must—

(1) contain or be supported by reasonable assurances that (A) for a period of not less than twenty years after completion of construction of the project it will be used as a public or nonprofit facility, (B) sufficient funds will be available to meet the non-Federal share of the cost of construction of the project, and (C) sufficient funds will be available, when construction of the project is completed, for its effective use for its intended purpose;

(2) provide that Federal funds provided to any agency or organization under this title will be used only for the purposes for which provided and in accordance with the applicable provisions of this section and the section under which such funds are provided;

(3) provide that the agency or organization receiving Federal funds under this title will make an annual report to the Commissioner, which he shall summarize and comment upon in the annual report to the Congress submitted under section 304;

(4) be accompanied or supplemented by plans and specifications in which due consideration shall be given to excellence of architecture and design, and to the inclusion of works of art (not representing more than 1 per centum of the cost of the project), and which comply with regulations prescribed by the Commissioner related to minimum standards of construction and equipment (promulgated with particular emphasis on securing compliance with the requirements of the Architectural Barriers Act of 1968 (Public Law 90-480), and with regulations of the Secretary of Labor relating to occupational health and safety standards for rehabilitation facilities; and

(5) contain or be supported by reasonable assurance that any laborer or mechanic employed by any contractor or subcontractor in the performance of work on any construction aided by payments pursuant to any grant under this section will be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with Davis-Bacon Act, as amended (40 U.S.C. 276a–276a—5); and the Secretary of Labor shall have, with respect to the labor standards specified in this paragraph, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176) and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c).

(c) Upon approval of any application for a grant or contract for a project under this title, the Commissioner shall reserve, from any appropriation available therefor, the amount of such grant or contract determined under this title. In case an amendment to an approval application is approved, or the estimated cost of a project is revised upward, any additional payment with respect thereto may be made from the appropriation from which the original reservation was made or the appropriation for the fiscal year in which such amendment or revision is approved.

(d) If, within twenty years after completion of any construction project for which funds have been paid under this title, the facility shall cease to be a public or nonprofit facility, the United States shall be entitled to recover from the applicant or other owner of the facility the amount bearing the same ratio to the then value (as determined by agreement of the parties or by action brought in the United States district court for the district in which such facility is situated) of the facility, as the amount of the Federal participation bore to the cost of construction of such facility.

(e) Payment of assistance or reservation of funds made pursuant to this title may be made (after necessary adjustment on account of previously made overpayments or underpayments) in advance or by way of reimbursement, and in such installments and on such conditions, as the Commissioner may determine.

(f) A project for construction of a rehabilitation facility which is primarily a workshop may, where approved by the Commissioner as necessary to the effective operation of the facility, include such construction as may be necessary to provide residential accommodations for use in connection with the rehabilitation of handicapped individuals.

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(g) No funds provided under this title may be used to assist in the construction of any facility which is or will be used for religious worship or any sectarian activity.

(h) When in any State funds provided under this title will be used for providing direct services to handicapped individuals or for establishing facilities which will provide such services, such services must be carried out in a manner not inconsistent with the State plan approved pursuant to section 101.

(i) Prior to making any grant or entering into any contract under this title, the Commissioner shall afford reasonable opportunity to the appropriate State agency or agencies designated pursuant to section 101 to comment on such grant or contract.

(j) With respect to any obligation issued by or on behalf of any public agency for which the issuer has elected to receive the benefits of mortgage insurance under section 303 or annual interest grants under section 304, the interest paid on such obligations and received by the purchaser thereof (or his successor in interest) shall be included in gross income for the purposes of chapter 1 of the Internal Revenue Code of 1954.

(k) Funds appropriated to carry out this title shall remain available until expended.

TITLE III—ADMINISTRATION AND PROGRAM AND PROJECT EVALUATION

ADMINISTRATION

SEC. 300. (a) In carrying out his duties under this Act, the Commissioner shall—

(1) cooperate with, and render technical assistance (directly or by grant or contract) to, States in matters relating to the rehabilitation of handicapped individuals;

(2) provide short-term training and instruction in technical matters relating to vocational rehabilitation services, including the establishment and maintenance of such research fellowships and traineeships, with such stipends and allowances (including travel and subsistence expenses), as he may deem necessary, except that no such training or instruction (or fellowship or scholarship) shall be provided any individual for any one course of study for a period in excess of four years, and such training, instruction, fellowships, and traineeships may be in the fields of rehabilitation medicine, rehabilitation nursing, rehabilitation counseling, rehabilitation social work, rehabilitation psychology, physical therapy, occupational therapy, speech pathology and audiology, prosthetic and orthotics, recreation for ill and handicapped individuals, and other specialized fields contributing to the rehabilitation of handicapped individuals; and

(3) disseminate information relating to vocational and comprehensive rehabilitation services, and otherwise promote the cause of the rehabilitation of handicapped individuals and their greater utilization in gainful and suitable employment.

(b) The Secretary is authorized to make rules and regulations governing the administration of this title and titles IV and V of this Act, and to delegate to any officer or employee of the United States such of his powers and duties under such titles, except the making of rules and regulations, as he finds necessary to carry out the provisions of such titles. Such rules and regulations, as well as those prescribed by the Commissioner of the Rehabilitation Services Administration under titles I and II of this Act shall be published in the Federal Register, on at least an interim basis, no later than ninety days after the date of enactment of this Act.

(c) The Secretary is authorized (directly or by grants or contracts) to conduct studies, investigations, and evaluation of the programs authorized by this Act, and to make reports, with respect to ability, aptitudes, and capacities of handicapped individuals, development of their potentialities, their utilization in gainful and suitable employment, and with respect to architectural, transportation, and other environmental and attitudinal barriers to their rehabilitation, including the problems of homebound, institutionalized, and older blind individuals.

(d) There is authorized to be included for each fiscal year in the appropriation for the Department of Health, Education, and Welfare such sums as are necessary to administer the provisions of this Act.

(e) In carrying out their duties under this Act, the Secretary and the Commissioner, respectively, shall insure the maximum coordination and consultation, at both national and local levels, with the Administrator of Veterans' Affairs and his designees with respect to programs for and relating to the rehabilitation of disabled veterans carried out under title 38, United States Code.

PROGRAM AND PROJECT EVALUATION

SEC. 301. (a) (1) The Secretary shall measure and evaluate the impact of all programs authorized by this Act, in order to determine their effectiveness in achieving stated goals in general, and in relation to their cost, their impact on related programs, and their structure and mechanisms for delivery of services, including, where appropriate, comparisons with appropriate control groups composed of persons who have not participated in such programs. Evaluations shall be conducted by persons not immediately involved in the administration of the program or project evaluated.

(2) In carrying out his responsibilities under this subsection, the Secretary, in the case of research, demonstrations, and related activities carried out under section 200, shall, after taking into consideration the views of State agencies designated pursuant to section 101, on an annual basis—

(A) reassess priorities to which such activities should be directed; and

(B) review present research, demonstration, and related activities to determine, in terms of the purpose specified for such activities by subsection (a) of such section 200, whether and on what basis such activities should be continued, revised, or terminated.

(3) The Secretary shall, within 12 months after the date of enactment of this Act, and on each April 1 thereafter, prepare and furnish to the appropriate committees of the Congress a complete report on the determination and review carried out under paragraph (2) of this subsection, together with such recommendations, including any recommendations for additional legislation, as he deems appropriate.

(b) Effective after January 1, 1974, before funds for the programs and projects covered by this Act are released, the Secretary shall develop and publish general standards for evaluation of the program and project effectiveness in achieving the objectives of this Act. He shall consider the extent to which such standards have been met in deciding, in accordance with procedures set forth in subsections (b), (c), and (d) of section 101, whether to renew or supplement financial assistance authorized under any section of this Act. Reports submitted pursuant to section 304 shall describe the action taken as a result of these evaluations.

(c) In carrying out evaluations under this title, the Secretary shall, whenever possible, arrange to obtain the specific views of persons participating in and served by programs and projects assisted under this Act about such programs and projects.

(d) The Secretary shall publish the results of evaluative research and summaries of evaluations of program and project impact and effectiveness no later than ninety days after the completion thereof. The Secretary shall submit to the appropriate committees of the Congress copies of all such research studies and evaluation summaries.

(e) The Secretary shall take the necessary action to assure that all studies, evaluations, proposals, and data produced or developed with assistance under this Act shall become the property of the United States.

OBTAINING INFORMATION FROM FEDERAL AGENCIES

SEC. 302. Such information as the Secretary may deem necessary for purposes of the evaluations conducted under this title shall be made available to him, upon request, by the agencies of the executive branch of the Government.

AUTHORIZATION OF APPROPRIATIONS

SEC. 303. There is authorized to be appropriated such sums as the Secretary may require for the fiscal years ending June 30, 1974, and June 30, 1975, to conduct program and project evaluations required by this title.

REPORTS

SEC. 304. Not later than one hundred and twenty days after the close of each fiscal year, the Secretary shall prepare and submit to the President and to the Congress a full and complete report on the activities carried out under this Act. Such annual reports shall include (1) statistical data reflecting, with the maximum feasible detail, vocational and comprehensive rehabilitation services provided handicapped individuals during the preceding fiscal year. (2) specifically distinguish among rehabilitation closures attributable to physical restoration, placement in competitive employment, extended or terminal employment in a sheltered workshop or rehabilitation facility, employment as a homemaker or unpaid family worker, and provision of comprehensive rehabilitation services, and (3) include a detailed evaluation of services provided with assistance under title I of this Act.

SHELTERED WORKSHOP STUDY

SEC. 305. (a) The Secretary shall conduct an original study of the role of sheltered workshops in the rehabilitation and employment of handicapped individuals, including a study of wage payments in sheltered workshops. The study shall incorporate guidelines which are consistent with criteria provided in resolutions adopted by the Committee on Labor and Public Welfare of the United States Senate or the Committee on Education and Labor of the United States House of Representatives, or both.

(b) The study shall include site visits to sheltered workshops, interviews with handicapped trainees or clients, and consultations with interested individuals and groups and State agencies designated pursuant to section 101.

(c) Any contracts awarded for the purpose of carrying out all or part of this study shall not be made with individuals or groups with a financial or other direct interest in sheltered workshops.

(d) The Secretary shall report to the Congress his findings and recommendations with respect to such study within twenty-four months after the date of enactment of this Act.

TITLE IV—OFFICE FOR THE HANDICAPPED

ESTABLISHMENT OF OFFICE

SEC. 400. There is established within the Office of the Secretary in the Department of Health, Education, and Welfare an Office for the Handicapped (hereinafter in this title referred to as the "Office"). The Office shall be headed by a Director, who shall serve as a Special Assistant to the Secretary and shall report directly to him, and shall be provided such personnel as are necessary to carry out the functions set forth in section 401. In selecting personnel to fill all positions in the Office, the Secretary shall give special emphasis to qualified handicapped individuals.

FUNCTION OF OFFICE

SEC. 401. It shall be the function of the Office, with the assistance of agencies within the Department, other departments and agencies within the Federal Government, handicapped individuals, and public and private agencies and organizations, to—

(1) prepare and submit to the Secretary, for submission to the Congress within 18 months after the date of enactment of this Act, a long-range projection for the provision of comprehensive services to handicapped individuals and for programs of research, evaluation, and training related to such services and individuals;

(2) analyze on a continuing basis and submit to the Secretary, for inclusion in his report submitted under section 304, a report on the results of such analysis, program operation to determine consistency with applicable provisions of law, progress toward meeting the goals and priorities set forth in the projection required under clause (1), the effectiveness of all programs providing services to handicapped individuals, and the elimination of unnecessary duplication and overlap in such programs under the jurisdiction of the Secretary;

(3) encourage coordinated and cooperative planning designed to produce maximum effectiveness, sensitivity, and continuity in the provision of serv-

ices for handicapped individuals by all programs under the jurisdiction of the Secretary;

(4) provide assistance (including staff assistance) to committees advising the Secretary on programs for handicapped individuals;

(5) develop means of promoting the prompt utilization of engineering and other scientific research to assist in solving problems in education (including promotion of the development of curriculums stressing barrier free desig and the adoption of such curriculums by schools of architecture, design, and engineering), health, employment, rehabilitation, architectural and transportation barriers, and other areas so as to bring about the full integration of handicapped individuals into all aspects of society;

(6) provide a central clearinghouse for information and resource availability for handicapped individuals through (A) the evaluation of systems within the Department of Health, Education, and Welfare, other departments and agencies of the Federal Government, public and private agencies and organizations, and other sources, which provide (i) information and data regarding the location, provision, and availability of services and programs for handicapped individuals, regarding research and recent medical and scientific developments bearing on handicapped conditions (and their prevention, amelioration, causes, and cures), and regarding the current numbers of handicapped individuals and their needs, and (ii) any other such relevant information and data which the Office deems necessary; and (B) utilizing the results of such evaluation and existing information systems the development within such Department of a coordinated system of information and data retrieval which will have the capacity and responsibility to provide general and specific information regarding the information and data referred to in subclause (A) of this clause to the Congress, public and private agencies and organizations, handicapped individuals and their families, professionals in fields serving such individuals, and the general public; and

(7) carry out such additional advisory function and responsibilities, consistent with the provisions of this title, as may be assigned to it by the Secretary or the President, except that such function or any other function carried out under clauses (1) through (5) of this section shall not include budgetary, policy, or program control by the Office over any program.

AUTHORIZATION OF APPROPRIATIONS

SEC. 402. There is authorized to be appropriated for the carrying out of the purposes of this title, such sums as may be necessary for the fiscal years ending June 30, 1974, and June 30, 1975.

TITLE V—MISCELLANEOUS

EFFECT ON EXISTING LAWS

SEC. 500. (a) The Vocational Rehabilitation Act (29 U.S.C. 31 et seq.) is repealed effective July 1, 1973, and references to such Vocational Rehabilitation Act in any other provision of law shall, after June 30, 1973, be deemed to be references to the Rehabilitation Act of 1973. Unexpended appropriations for carrying out the Vocational Rehabilitation Act may be made available to carry out this Act as directed by the President. Approved State plans for vocational rehabilitation, approved projects, and constractual arrangements authorized under the Vocational Rehabilitation Act will be recognized under comparable provisions of this Act so that there is no disruption of ongoing activities for which there is continuing authority.

(b) The authorizations of appropriations in the Vocational Rehabilitation Act are hereby extendoed at the level specified for the fiscal year 1972 for the fiscal year 1973.

(c) This Act shall become effecitve July 1, 1973, except that subsection (b) of this section shall be effective as of July 1, 1972.

ARCHITECTURAL AND TRANSPORTATION BARRIERS COMPLIANCE BOARD

SEC. 501. (a) There is established within the Federal Government the Architectural and Transportation Barriers Compliance Board (hereinafter referred

to as the "Board") which shall be composed of the heads of each of the following departments or agencies (or their designees whose positions are Executive Level IV or higher):

(1) Department of Health, Education, and Welfare;
(2) Department of Transportation;
(3) Department of Housing and Urban Development;
(4) Department of Labor;
(5) Department of the Interior;
(6) General Services Arministration;
(7) United States Postal Service; and
(8) Veterans' Administration.

(b) It shall be the function of the Board to (1) insure compliance with the standards prescribed by the General Services Administration, the Department of Defense, and the Department of Housing and Urban Development pursuant to the Architectural Barriers Act of 1968 (Public Law 90-480), as amended by the Act of March 5, 1970 (Public Law 91-205); (2) investigate and examine alternative approaches to the architectural, transporation, and attitudinal barriers confronting handicapped individuals, particularly with respect to public buildings and monuments, parks and parklands, public transportation (including air, water, and surface transportation whether interstate, foreign, intrastate, or local), and residential and institutional housing; (3) determine what measures are being taken by Federal, State, and local governments and by other public or nonprofit agencies to eliminate the barriers described in clause (2) of this subsection; (4) promote the use of the International Accessibility Symbol in all public facilities that are in compliance with the standards prescribed by the Administrator of the General Services Administration, the Secretary of Defense, and the Secretary of Housing and Urban Development pursuant to the Architectural Barriers Act of 1968; (5) make reports to the President and to Congress which shall describe in detail the results of its investigations under clauses (2) and (3) of this subsection; and (6) make to the President and to the Congress such recommendations for legislation and administration as it deems necessary or desirable to eliminate the barriers described in clause (2) of this subsection.

(c) The Board shall also (1) (A) determine how and to what extent transportation barriers impede the mobility of handicapped individuals and aged handicapped individuals and consider ways in which travel expenses in connection with transportation to and from work for handicapped individuals can be met or subsidized when such individuals are unable to use mass transit systems or need special equipment in private transportation, and (B) consider the housing needs of handicapped individuals; (2) determine what measures are being taken, especially by public and other nonprofit agencies and groups having an interest in and a capacity to deal with such problems, (A) to eliminate barriers from public transportation systems (including vehicles used in such systems), and to prevent their incorporation in new or expanded transportation systems and (B) to make housing available and accessible to handicapped individuals or to meet sheltered housing needs; and (3) prepare plans and proposals for such further actions as may be necessary to the goals of adequate transportation and housing for handicapped individuals, including proposals for bringing together in a cooperative effort, agencies, organizations, and groups already working toward such goals or whose cooperation is essential to effective and comprehensive action.

(d) In carrying out its function under this section, the Board shall conduct investigations, hold public hearings, and issue such orders as it deems necessary to insure compliance with the provisions of the Acts cited in subsection (b). The provisions of subchapter II of chapter 5, and chapter 7 of title 5, United States Code, shall apply to procedures under this section, and an order of compliance issued by the Board shall be a final order for purposes of judicial review.

(e) The Board is authorized to appoint as many hearing examiners as are necessary for proceedings required to be conducted under this section. The provisions applicable to hearing examiners appointed under section 3105 of title 5, United States Code, shall apply to hearing examiners appointed under this subsection.

(f) The departments or agencies specified in subsection (a) of this subsection (a) of this section shall make available to the Board such technical, administrative, or other assistance as it may require to carry out its functions under this section, and the Board may appoint such other advisers, technical experts, and consultants as it deems necessary to assist it in carrying out its functions under

this section. Special advisory and technical experts and consultants appointed pursuant to this subsection shall, while performing their functions under this section, be entitled to receive compensation at rates fixed by the Secretary, but not exceeding the daily pay rate, for a person employed as a GS–18 under section 5332 of title 5, United States Code, including traveltime and while so serving away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence as authorized by section 5703 of such title 5 for persons in the Government service employed intermittently.

(g) The Board shall, at the end of each fiscal year, report its activities under subsection (b) during the preceding year to the Congress. Such report shall include an assessment of the extent of compliance with the Acts cited in subsection (b) of this section, along with a description and analysis of investigations made and actions taken by the Board, and the reports and recommendations described in clauses (4) and (5) of subsection (b) of this section. The Board shall prepare two final reports of its activities under subsection (c). One such report shall be on its activities in the field of transportation carriers of handicapped individuals, and the other such report shall be on its activities in the field of the housing needs of handicapped individuals. The Board shall, prior to January 1, 1975, submit each such report, together with its recommendations to the President and the Congress. The Board shall also prepare for such submission an interim report of its activities in each such field within eighteen months after the date of enactment of this Act.

(h) There is authorized to be appropriated for the purpose of carrying out the duties and functions of the Board under this section such sums as may be necessary for the fiscal years ending June 30, 1974, and June 30, 1975.

EMPLOYMENT UNDER FEDERAL CONTRACTS

SEC. 502. (a) Any contract in excess of $2,500 entered into by any Federal department or agency for the procurement of personal property and nonpersonal services (including construction) for the United States shall contain a provision requiring that, in employing persons to carry out such contract the party contracting with the United States shall take affirmative action to employ and advance in employment qualified handicapped individuals as defined in section 7(7). The provisions of this section shall apply to any subcontract in excess of $2,500 entered into by a prime contractor in carrying out any contract for the procurement of personal property and nonpersonal services (including construction) for the United States. The President shall implement the provisions of this section by promulgating regulations within ninety days after the date of enactment of this section.

(b) If any handicapped individual believes any contractor has failed or refuses to comply with the provisions of his contract with the United States, relating to employment of handicapped individuals, such individual may file a complaint with the Department of Labor. The Department shall promptly investigate such complaint and shall take such action thereon as the facts and circumstances warrant consistent with the terms of such contract and the laws and regulations applicable thereto.

(c) The requirements of this section may be waived, in whole or in part, by the President with respect to a particular contract or subcontract, in accordance with guidelines set forth in regulations which he shall prescribe, when he determines that special circumstances in the national interest so require and states in writing his reasons for such determination.

NONDISCRIMINATION UNDER FEDERAL GRANTS

SEC. 503. No otherwise qualiged handicapped individual in the United States, as defined in section 7(7), shall, solely by reason of his handicap, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

Mr. BRADEMAS. The Select Subcommittee on Education of the Committee on Education and Labor will come to order for the purpose of conducting an oversight hearing into the present status, and the future directions, of the Rehabilitation Services Administration (RSA), and, in particular the vocational rehabilitation program which is under the jurisdiction of RSA.

The Chair wants to observe that the 52-year-old rehabilitation program, which has been almost universally acclaimed as one of the most successful Federal-State cooperative endeavors, has found itself in a state of limbo in the past few years. In this regard the Chair recalls that the Vocational Rehabilitation Act was to expire on July 30, 1971, and several members of this committee, including myself, wanted to extend and amend the act.

The administration, however, was unable to make its recommendations to the Congress in time for us to act, so in an effort to be accommodating to the administration the Congress approved a simple 1-year extension of the program in order to give the Department of Health, Education, and Welfare further time to develop proposals and have them approved by the Office of Management and Budget.

Early in 1972, however, Congress still had not received any recommendations from the administration with regard to amending the Vocational Rehabilitation Act, and the members of this committee, as well as the members of the Labor and Public Welfare Committee in the other body, decided that the time had come to improve this program.

Not until March 17, 1972, did the administration submit its proposals for extending and amending the Vocational Rehabilitation Act—almost a full month after H.R. 8395, the Rehabilitation Act of 1972, had been reported from the Committee on Education and Labor.

The Chair thinks he can say, in all candor, that the members of this committee, on both sides of the aisle, tried to work in a bipartisan, cooperative fashion with the senior officials at the Department of Health, Education, and Welfare as the Rehabilitation Act of 1972 moved through the Senate and we continued that cooperation as well during the conference on this legislation. Evidence of our success was the unanimous vote of approval which the conference report received in both the Senate and the House of Representatives.

The Chairman believes, therefore, that he can safely assert that most of us were surprised, not to say absolutely astonished, when the President vetoed that measure after Congress went into recess last October and could not, as a result, vote to override. We all know, as well, that a compromise measure, subsequently approved by Congress, was also vetoed by the President, and the Senate voted to sustain that Presidential veto.

Now we find that the President's proposed 1974 budget would allow less than a 2-percent increase in the basic grant program for vocational rehabilitation and would, indeed, virtually dismantle the Federal role in research and training in the area of rehabilitation.

Let the Chair hasten to point out that he does not recite this dismal litany for any partisan purpose. For he is pleased that the rehabilitation program has always enjoyed—at least on the part of the members of this committee and in the House and in the Senate—broad bipartisan support.

The Chair raises these issues only to illustrate his own concern that these developments have had profound effects on the administration of this highly successful program. So we have asked several administration witnesses to meet with us today so that we might engage in a little colloquy as to the state of the rehabilitation program in the Department of Health, Education, and Welfare and the future plans of the Department for the program.

We are very pleased to have with us today Mr. William Morrill, Assistant Secretary for Planning and Evaluation of the Department of Health, Education, and Welfare; Mr. James Dwight, Administrator of the Social and Rehabilitation Service; Mr. Corbett Reedy, Acting Commissioner of the Rehabilitation Services Administration; and Mr. Frank E. Samuel, Jr., the Deputy Assistant Secretary for Congressional Liaison.

Gentlemen, we are very pleased to have you with us. Since this is the first time, as I recall, that any of you have testified before this subcommittee in the official positions that you presently hold, the Chair wonders if you would be kind enough to give the subcommittee a brief rundown of your professional background and experience and then we will be pleased to hear your statement.

Who wishes to lead off?

STATEMENT OF JAMES S. DWIGHT, JR., ADMINISTRATOR, SOCIAL AND REHABILITATION SERVICE, ACCOMPANIED BY WILLIAM A. MORRILL, ASSISTANT SECRETARY FOR PLANNING AND EVALUATION; CORBETT REEDY, ACTING COMMISSIONER, REHABILITATION SERVICES ADMINISTRATION; AND FRANK E. SAMUEL, JR., DEPUTY ASSISTANT SECRETARY FOR CONGRESSIONAL LIAISON

Mr. DWIGHT. I would like to present, Mr. Chairman, a prepared statement to you.

[The prepared statement follows:]

STATEMENT OF JAMES S. DWIGHT, JR., ADMINISTRATOR, SOCIAL AND REHABILITATION SERVICE

I am very pleased to respond to your request, Mr. Chairman, to discuss the Vocational Rehabilitation program. I am particularly happy to have this opportunity to meet with your subcommittee so soon after my June 15 confirmation as Administrator of the Social and Rehabilitation Service. I am aware of your sustained interest in the VR program over the years, and I look forward to working with you and the subcommittee to strengthen and improve this most important program.

I would like to state at the outset my strong belief in the goals and activities of the rehabilitation program. It is one of the oldest and certainly one of the most successful of the Federal human resources programs. Vocational rehabilitation has consistently enjoyed strong Presidential and public support for its valuable contributions to this Country. In my role as Administrator of SRS, I will work closely with the Commissioner of Vocational Rehabilitation to continue this long pattern of service to our vulnerable handicapped citizens.

I am pleased that extension of the VR legislation is nearing completion in a conference between Members of the House and Senate. We are hopeful that the new legislation will represent a basis for continued delivery of vocational rehabilitation services consistent with the success of this program over the last 53 years.

The subcommittee may be interested in the objectives that we have recently set for vocational rehabilitation. HEW operates under an operational planning system. Rehabilitation objectives set for 1974 will concentrate more program attention on services for the severely disabled and disabled public assistance recipients.

In addition, under the HEW long-range planning process, possible longer-term future directions are being continuously explored. During the next two to three years the VR program will, of course, be governed by the legislation which you are now discussing in conference. Any HEW recommendations for long-range changes would be developed for presentation to the Congress so that a joint discussion between the executive and the legislative may reach accord on future direction.

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We are now initiating close coordination with the Assistant Secretary for Health and Scientific Affairs so that the health and medical components of the rehabilitation program will be carefully developed with appropriate expertise and consultation available in the Department. I am hopeful that more effective use of the evaluation process will provide insight for further improvement in the delivery of rehabilitation services.

In closing, let me reiterate my sincere commitment to the vocational rehabilitation program and to the Rehabilitation Services Administration. We hope our efforts to recruit a permanent Commissioner will soon bear fruit, and I pledge to give the Commissioner my strong and continuing support in the implementation of new legislation. In the meantime, we are fortunate to have the services of Corbett Reedy as Acting Commissioner.

I will be glad to answer any questions you may have.

Mr. DWIGHT. In view of the fact that this represents the first time that I have been able to appear before the subcommittee following my confirmation on June 15, in line with your request I would be pleased to furnish for the record a copy of my professional background.

[The material follows:]

PROFESSIONAL BACKGROUND OF JAMES S. DWIGHT, JR., ADMINISTRATOR OF SOCIAL AND REHABILITATION SERVICE

Mr. Dwight was appointed Administrator, Social and Rehabilitation Service on June 24, 1973. As Administrator of SRF, which serves about 20 million Americans with a budget of about $14 billion, he is responsible for the management and administration of programs providing financial assistance and medical care to the poor, rehabilitating the disabled, and promoting the development of a variety of social services designed to help people move from dependency to self-support and self-sufficiency.

Mr. Dwight joined Federal service in August 1972 as Associate Director of the Office of Management and Budget in the Executive Office of the President. In this capacity, he was responsible for directing OMB's management activities. These included a range of functions related to organizational and management systems, executive development and labor relations, and coordination of programs.

Prior to joining the Federal service, Mr. Dwight served the State of California as Chief Deputy Director of Finance—in effect, the chief operating officer of the department. In 1967, he joined the State as Deputy Director of Finance. While with the State, he also served on the Boards of Public Employees Retirement System and the State Teachers Retirement System, and on the steering committee which developed for Public Instruction Superintendent Wilson Riles his proposal for equalized educational opportunity in the State.

In 1955, Mr. Dwight was employed by Haskins and Sells, Certified Public Accountants, where he worked until 1959, when he joined Sunkist Growers, Inc. He was associated with this company for seven years, serving as Controller. He left in December 1966 to join Governor Reagan's State administration.

Born March 9, 1934, in Pasadenia, California, Mr. Dwight received his early education in South Pasadena and San Marino public schools. He attended Pomona College for two years, majoring in physics, and in 1956, received a B.S. degree in Accounting from the University of Southern California. At this time, he was already working with Haskins and Sells. He is a Certified Public Accountant.

Mr. Dwight has been active in community service and civic affairs. He served as Vice President of the Los Angeles Junior Chamber of Commerce, and was Director of the Red Shield Youth Service.

He is married to the former Elsa Hardy; they have three daughters and one son.

Mr. DWIGHT. Most recently I joined the Office of Management and Budget as the management side of OMB last August. Prior to that time I was involved with the State government in the State of California in the Department of Finance from 1966 until last August, having a wide range of programmatic and management experience with the State involving myself in both the control aspects and the creative aspects of the California Governor's administration. Prior to that time I was active in civic affairs and was involved in the business community in southern California in a variety of experiences.

My education was at the University of Southern California and I am a certified public accountant.

I am very acutely aware of this sustained interest in the program which this committee has had and I wish to state very clearly my strong belief in the goals and objectives of the rehabilitation program. As you pointed out, this program is one of the oldest Federal programs and I believe one of the most successful of the Federal human resource programs. The program has consistently enjoyed support from the public and from the President for its valuable contributions.

In my role as Administrator I will work very closely with the Commissioner of Rehabilitation and continue this long pattern of service to our vulnerable handicapped citizens.

I am very pleased that the continuation legislation which you referred to earlier seems to be nearing completion in the conference between the Members of the House and Senate and I am hopeful that this new legislation will present a basis for the continued success of this program consistent with its record of success over the last 53 years.

The subcommittee may be interested in some of the things which I am aware of in terms of recent happenings, if you will, in the administration of the current vocational rehabilitation program. Mr. Chairman, you may be aware that the Department of HEW uses an operational planning system for the management of programs and during the development of those objectives which we have recently concluded for the fiscal year just commencing we have determined to add to our specifically stated objectives a greater emphasis on services to the severely disabled.

In addition, in HEW we have a long-range plannnig process where we consider possible longer term directions, and this is under cost and exploration. During the next 2 to 3 years of course the program will be governed by legislation which you referred to earlier, Mr. Chairman. Any recommendations that we are able to develop under our long-range planning exercise will serve as a basis for the administration to bring recommendations to the Congress so that the dialogue between the executive and the legislative branches can go forward.

We are also initiating a much closer association with the Assistant Secretary for Health and Scientific Affairs so that the resources of the Department in the health and medical components can be brought to bear more closely on the rehabilitation program and so that the benefit of that body's thought as it relates to health policy can be more closely coordinated with the program.

In closing this very brief statement I would like to reiterate my very sincere commitment to the vocational rehabilitation program and to the Rehabilitation Services Administration. We are hopeful that our present efforts to recruit a permanent Commissioner will fairly shortly bear fruit. However, in the meantime we are very privileged to have Mr. Corbett Reedy acting as the Commissioner.

With that statement I would be very pleased and my colleagues would be very pleased to answer any questions that you may have to pose to us this morning.

Mr. BRADEMAS. Thank you very much, Mr. Dwight.

Just following that last observation, Mr. Dwight, how long have you been in your present position?

Mr. DWIGHT. Well, let's see. I believe I was confirmed by the Senate on June 14.

Mr. BRADEMAS. And you were on board how much earlier than that?

Mr. DWIGHT. I have been in a very intensive learning program for the period which commenced in March when the President sent my nomination to the Senate. I have been physically domiciled within HEW for that period of time and I have done my best to familiarize myself with the programs and the issues within SRS.

Mr. BRADEMAS. Mr. Reedy, you have been Acting Commissioner how long?

Mr. REEDY. From December 31 to the present.

Mr. BRADEMAS. Getting ready for an anniversary soon. Do I understand that you are going to be retiring shortly?

Mr. REEDY. Yes, those are my plans, Mr. Chairman.

Mr. BRADEMAS. I would address myself to you, Mr. Dwight. What kind of person do you contemplate bringing in to succeed Mr. Reedy? Your own background is very heavy, obviously, on the management side.

Mr. DWIGHT. That is correct, Mr. Chairman. I am presently looking for a person who combines both—has some experience in the rehabilitation field and a proven capability of managing a rather substantial program. Perhaps trying to anticipate your concern, I determined during the period of time where I was awaiting confirmation by the Senate that I would not initiate or appear to assume any of the responsibilities which rest in the hands of the Administrator. As a consequence I did not actively seek a Commissioner for the Rehabilitation Services Administration until I was actually confirmed by the Senate.

Mr. BRADEMAS. I note the statement, Mr. Reedy, of Mr. Dwight that the rehabilitation program, to quote his testimony, is "one of the oldest and certainly one of the most successful of the Federal human resources programs."

Do you share that judgment?

Mr. REEDY. I do indeed. I have worked for 33 years in rehabilitation having begun as a counselor in 1941. I have served as a State Director, as Regional Representative for Rehabilitation, and as Deputy Commissioner for 2 years. I am completely devoted to the philosophy of rehabilitation, to the goals that it has and proud of the accomplishments which it has recorded in its years of operation.

Mr. BRADEMAS. Mr. Morrill, do you share the judgment of Mr. Dwight and Mr. Reedy?

Mr. MORRILL. Yes, sir. I don't profess in any way to be an expert on it having just arrived about the same time as Mr. Dwight and just now learning about a whole host of programs within the Department but the evidence that I have seen clearly supports that judgment.

Mr. BRADEMAS. What is your own background, Mr. Morrill?

Mr. MORRILL. Mr. Chairman, I entered Federal service about 20 years ago initially in the national security area. More recently, after having completed a fairly lengthy period of activity both within the Department of Defense and within the old Bureau of the Budget, I became Deputy County Executive in Fairfax County, Va. In about May 1972 I became an Assistant Director at the Office of Management and Budget concerned with domestic programs other than the

HEW or human resources area and was confirmed at the same time as Mr. Dwight by the Senate to this position that I now hold.

Mr. BRADEMAS. Your background is also very heavily oriented toward the management side of Government, I take it, from what you have said.

Mr. MORRILL. It has been professionally, yes, sir. The experience that I had in local government I would contrast with the previous experience as a combination of staff work on the one hand and operating responsibilities on the other, including in the latter instance a number of human resource programs at the local level.

Mr. BRADEMAS. I don't know how long the position of Assistant Secretary for Planning and Evaluation in the Department of HEW has existed but could you define your responsibilities for us?

Mr. MORRILL. I am frank to say, Mr. Chairman, I am not sure exactly when it started. I believe that the position existed since 1937 or thereabouts. The concept of the office is to be a staff support arm to the Secretary, worrying about long-range planning, analysis, and evaluation activities across the gamut of departmental activities. In more recent years it has been a coordinating office to pull together on behalf of the Secretary's long-range plans looking at least 5 years into the future. It starts out with a development of agency proposals. These proposals and considered and analysis done to explore ways in which various programs can be improved or continued or whatever seems indicated from the analysis. The office also attempts to encourage the performance of good evaluation activities throughout the Department.

Mr. BRADEMAS. Now Mr. Dwight has alluded to the long-range planning process, to which you just made reference, in his prepared statement. What kinds of plans have you given to your superiors with respect to the vocational rehabilitation program?

Mr. MORRILL. We follow an annual planning process, Mr. Chairman, and we are right now in the process of discussing a variety of plans and programs looking ahead. Those are all presently in preliminary form and we are right now offering the Secretary a variety of choices that he might make in a number of different areas.

Mr. BRADEMAS. When does that process come to a conclusion?

Mr. MORRILL. Well, in a sense it comes to a conclusion when the Department sets forth a series of budget proposals for the next fiscal year while perhaps adopting certain additional actions. The product of this process can be a variety of things. It can be a determination to do an intensive study, to embark on a particular evaluation, to set forth a particular course or to plan a particular budget request. All of those are products of the process and in the best sense it is a reiterative ongoing activity in which the Department is always exploring looking out well ahead as to where it may be going in order to present proposas internally to the President, and if they are considered valid through that process, to the Congress for its consideration.

Mr. BRADEMAS. Now I understand what you have just told me in respect of the end product of the overall process within the executive branch. But more narrowly speaking you also have, I take it, an end to the process in your shop: that is, you submit to the Secretary whatever judgments you may have.

Mr. MORRILL. Yes, sir; we try to offer the Secretary not a canned solution but indeed a series of options in which all views, including our own, may be presented.

Mr. BRADEMAS. Now you have completed that process within your own shop?

Mr. MORRILL. No, sir, that is still underway.

Mr. BRADEMAS. When will that process be completed?

Mr. MORRILL. Well, it will be another several weeks before that is complete.

Mr. BRADEMAS. One reason I ask these questions clearly, Mr. Morrill, is that we are now in the midst of writing a conference report as you may know.

Mr. MORRILL. Yes, sir.

Mr. BRADEMAS. And what you commend to your superiors may obviously have some bearing on our own thinking as we make judgments on what we ought to do in that conference, realizing that we are constricted by the actions of the House and Senate.

If you are making recommendations to the Secretary for the long-run future of this or indeed other programs, how do you make judgments with respect to what kinds of changes are appropriate or not? It has been suggested by Mr. Dwight, agreed to by Mr. Reedy and then subsequently by you, Mr. Morrill, that rehabilitation is, again to quote the language of Mr. Dwight, "one of the most successful of the Federal human resources programs."

You have already come to that judgment you have suggested here this morning. Now in light of that, how do you then make the judgments, what kinds of criteria do you use, particularly in view of the fact—and I don't say this in any personal way—that you have already indicated that you are in a field with respect to which you don't feel terribly qualified. Mr. Dwight is a CPA, I think, and not a vocational rehabilitation expert? Given you are not professionals in this field and having reached already a judgment that the program has been a successful one, what are the processes by which you decide whether to recommend changes?

Mr. MORRILL. I would like to respond to that. I made several notes on your comments. In the near term, the legislation is obviously what will determine the program over the next few years. We need in our process also to look well beyond the terms of that legislation. With respect to the way in which we examine it, my personal expertise is indeed, as I indicated, limited in this particular area. We rely on the analysis of my own staff, the staff of the agencies with SRS and RSA, and any other expert information or opinions or views that we can gather. I think in terms of looking at a program, even a successful one, the Department can never rest entirely on its laurels and assume that there is no room for improvement in the long-range future. We need to keep asking ourselves questions about that program.

Mr. BRADEMAS. A statement with which no one, I think, can quarrel.

Mr. MORRILL. The starting process of the analysis is hopefully as much hard data as we can assemble and it is our role in this process to raise questions deliberately: Are we doing it as well as we know how, or are there different ways?

Mr. BRADEMAS. That is what I am getting at. That has been a recurring concern of mine under this administration and others. What does it mean to say "are we doing it as well as we know how?" What is the antecedent of the pronoun "it"?

Mr. MORRILL. Well, that in itself is——

Mr. BRADEMAS. What are your goals, in other words?

Mr. MORRILL. Exactly. Our goals can be described as follows: Are we helping the population which the program sets out to help? Are there indeed others that are not within that population that have problems that should be met? What can we say relatively about the difference relative characteristics of the target population? Finally, how is that help that we are now providing the population achieving the objectives set forth in the legislation?

Mr. BADEMAS. Let me ask Mr. Reedy, who bears the principal responsibility for administering this particular program, the extent to which he has been involved in the long-range evaluation process to which Mr. Morrill has been alluding?

Mr. REEDY. Mr. Chairman, we are, as the Rehabilitation Services Administration, in our second year of being formally involved in the Department's long-range planning effort and the plans which originated in RSA and which went forward to SRS as our parent agency conceived that the Vocational Rehabilitation in the coming 5 years must undergo a major expan[illegible]on. This is based on first the conviction that the program is effective and secondly that we have a long way to go to have a rehabilitation system in this country that would afford access to the disabled people who need the service. Therefore, our approach as the Rehabilitation Services Administration has been to blueprint the enlarged goals in the public program of rehabilitation over the next 5 years and to suggest the means through which the system of service can be expanded to accommodate a larger number of people.

Mr. BRADEMAS. I understand what you are telling me, Mr. Reedy, but my question is a rather different one. My question is simply: are you satisfied that your office, which is the administering office, has had adequate input into the long-run planning and evaluation process of the vocational rehabilitation program which Mr. Morrill has indicated that his shop has been undertaking?

Mr. REEDY. We have had ample opportunity to supply the information which we have and to present our views as to the direction in which we should go. We are faced with the fact that there are several options which the Secretary may wish to consider in determining the future and in my opinion the development of those options is in somewhat of an embryonic stage, they are being examined but we have stuck rather faithfully in RSA to the consistency of planning which we have been engaged in in the last 2 years.

Mr. BRADEMAS. You are talking about development of proposals which you say are in the embryonic stage. For the committee could you expand on what you are talking about a little bit because some of us have lived on this committee—I have for 15 years—with this problem and therefore have some concern about its future. I am interested, to borrow Senator Vandenburg's famous proposal, "in being in on the takeoffs as well as the crash landings." Can you explain a little?

Mr. REEDY. If I may illustrate with what I think are the three principal directions of shaping up options.

One of those options is to move ahead from the base that we have established in enlarging and perfecting the existing system, and I must say that this option is receiving full consideration in the Department's discussions.

We of course have known all along of the discussions of committing the rehabilitation program to what is known as special revenue sharing in which the funds might be made available to the States and they would exercise judgment and their own options in terms of the kind of rehabilitation services offered. This is another option.

The third option that has been given some consideration is more assumption by the related programs in health and vocational training and income maintenance, to have them provide greater assistance to the disabled in the process of rehabilitation with Vocational Rehabilitation being more in the area of case advisement and case management. I think these are not new ideas.

I can recall many instances in recent years in which the question has been raised, should rehabilitation have medical services as a component of its own program when there are other medical services offered under public auspices. It is my personal view that the unity and coordination of services in the rehabilitation program is one of its unique features, and therefore I admit to my own personal biases here but these options are simply being considered and I feel that RSA does have adequate voice in the discussion and decision.

Mr. BRADEMAS. I take you to be saying there are three major options, Mr. Morrill. You will straighten me out if I misunderstand what has been said here because the three major options that are now under consideration by HEW for the future of the vocational rehabilitation program, are obviously within your area of responsibility.

"One" is continuation and expansion of the present program, is that right?

"Two" is moving in the direction of some form of revenue sharing in this area, is that correct?

And option number "3" I think you were suggesting, Mr. Reedy is a form of income maintenance. Is that what you said?

Mr. DWIGHT. Mr. Chairman——

Mr. BRADEMAS. I want to be sure I understand accurately what Mr. Reedy has said in spelling out what I took to be the three major options now under consideration.

Mr. REEDY. Option 3 is to give the disabled greater access to training grants and scholarships, to health services that might be provided under medicaid and these kinds of resources that might accomplish the same purposes and to have their income needs during rehabilitation met through income maintenance programs. These are explorations only and I am not the one to speak definitively about them.

Mr. BRADEMAS. You wanted to say something, Mr. Dwight.

Mr. DWIGHT. Yes, Mr. Chairman. I think the delineation of the three options would suggest that the process has proceeded quite a good deal further than is the case. My assessment of what Mr. Reedy said is that this is an observation on his part of what he has observed of the discussions over the past 18 months.

This represents consideration that will 3 or 4 years down the road perhaps led to suggestions that HEW might make to the Congress in order to improve the program. This process has not gone to the point where there are three options, five options, ten options or one option.

Mr. BRADEMAS. You leave me in some state of confusion with these two responses.

Do you think you can rescue your colleagues, Mr. Morrill?

Mr. MORRILL. Let me say this, Mr. Chairman. In a broad sense human resources programs can be delivered to the target populations in any of three broad ways, which is not unique to any particular one. The assistance can be provided in the form of direct assistance to the individual. Resources can be provided to state and local government with those levels of government actually delivering services to individuals. Or a direct Federal program can provide the service. Those are three broad ranges of choices or frameworks in which almost all HEW programs can be explored.

Each has advantages and disadvantages when one gets to a specific area and must determine which way seems to be the best, with the ultimate choice hopefully to be based primarily on the effectiveness of the program delivery system to do what it is we have set out to do.

I would share Mr. Dwight's view that looking at programs in this context and raising questions about them does not in any way imply that we have come to a conclusion about vocational rehabilitation programs in any of these contexts. Indeed, asking questions in this framework may well turn out to confirm the view that the way in which we are delivering the program may indeed be the best. It nonetheless is a useful analytic tool to explore whether what we are doing is being done as well as we think we know how.

Mr. BRADEMAS. Maybe you don't appreciate why I am puzzled so I will try to tell you why. You have all testified that the vocational rehabilitation program has been one of the most successful and effective of the Federal-State programs. You have said that you want to keep asking questions about the effectiveness of the program, and nobody can quarrel with that although we could spend all morning talking about how you structured the question of evaluation and assessment.

In my opinion you are in the dark ages regarding evaluation and assessment—I don't mean you, I mean we as a country. So my own opinion is that when the President says we have carefully evaluated programs, as he said last February, and we have found that they are not effective, that is intellectual poppycock, to quote the President in another context. Because no self-respecting social scientist—it is all right for a politician on the stump to talk this way although, I don't really make sweeping assertions like that myself—can honestly claim we have developed that kind of system.

You tell us what a successful program it is but then you go ahead to say that you are now considering several options, each of which could have a profound impact on the future of this program. You have, I think, not quarreled with the proposition that it is very difficult to set forth the kinds of criteria and evaluation process which I think—if we are to be intellectually honest—are necessary if we are going to urge that we go off in X, Y or Z direction rather than the present direction. I could understand if there was some evidence to show that this was a profoundly ineffective program or had one received criticism in Congress or in the country.

Do you understand why I am puzzled by your suggestion that you are going through such a rigorous assessment and evaluation under the circumstances?

Mr. DWIGHT. Could I respond to that, Mr. Chairman. I could understand your puzzlement if this was a review that was being directed specifically towards the vocational rehabilitation program; it is not. It is a review which is being related to the entire efforts of all of the

constituent agencies of social rehabilitation services, and it is also being applied to all of the health and education programs of HEW. This is a process which relates to all the programs which constitute HEW at the present time.

Mr. BRADEMAS. Well, I listened to you all and I am still more puzzled and troubled and I will tell you why. I have seen, indeed I have in front of me, a memorandum to you, Mr. Dwight, from you, Mr. Reedy, dated July 18, 1973, in comment on a memorandum prepared by you, Mr. Morrill, dated July 16, 1973, with respect to certain proposals that your office has been making with respect to the vocational rehabilitation program.

What the three of you have told this committee here today is not on all fours with either what Mr. Reedy has had to say to us today or with the text of another document of which I also have a copy before me by Mr. Morrill which is a memorandum to the Assistant Secretary for Human Development dated June 28, 1973, containing an analysis and an evaluation of vocational rehabilitation.

You know, there is now serious discussion on the part of some members of the House of Representatives about requiring all witnesses from the administration to henceforth testify under oath. You ought to think about that.

Now let me tell you what Mr. Reedy has said in comment on your memorandum, Mr. Morrill.

We appreciate the opportunity to comment on the proposed Program Memorandum. We are concerned that decisions of such magnitude and of far-reaching implications are being considered in apparent haste and without adequate consultation with the programs concerned.

"The proposed Program Memorandum concludes"—concludes. This is not a member of this committee talking, this is you folks talking—"that the vocational rehabilitation program is sufficiently ineffective as to warrant fractionation and dissolution of the State-Federal program."

Get that phrase?

We do not concur with this conclusion. Ironically, this OS proposal coincides and conflicts with glowing praise for the program by the Congress and their current legislative initiative to further expand and reinforce the program.

Here I interrupt this to go back to what Mr. Dwight said to this committee a little while ago that this is one of the oldest and certainly one of the most successful of the Federal human resources programs.

Mr. Reedy goes on.

There is general goal congruence within the State-Federal VR Program. Traditionally, the Federal role has included leadership, transfer of resources, and capacity building. As we move into the rehabilitation of the more severely disabled the Federal role becomes more crucial in these areas, particularly in capacity building in special disability areas. The most appropriate future course—

Mr. Reedy, who is an expert in this field as both you gentlemen have testified you are not—

Would appear to be to maintain the current program structure while improving program management capability.

The assumption behind the proposal to substitute cash assistance for the current VR Program.

Option No. 3—

Is that the disabled individual is capable and motived to plan his rehabilitation program and to seek from vendors the services which he needs to implement that program, and further that such services are readily available for purchase. Generally,

Says Mr. Reedy, the expert in this field—

this is not the case. Normally, the disabled individual has little knowledge as to his specific rehabilitation needs or of the availability of essential services.

That is one reason our Senate colleague, Senator Dole, has been such a champion of providing better access to information about services for the handicapped.

Mr. Reedy goes on—

This is where the VR counselor plays a critical role in providing professional advice in helping the individual develop an appropriate rehabilitation plan tailored to his needs, while preserving the client's freedom of choice. Also, we have found that the mere existence of client need and ability to pay does not assure the availability of needed VR services. The integrated service system of the State-Federal Program has proved to be the best catalyst for assuring such availability of services.

It would appear—

Mr. Reedy concludes:

That the bases upon which many of the allegations in the Program Memorandum are made need careful scrutiny and analysis. We would like the opportunity of examining mutually the hypotheses.

Very important; very important, Mr. Morrill.

And the data upon which they have been based. We are available to participate in more detailed discussions.

Now I said to Mr. Carlucci when he was in here the other day that one of the problems that I regard as an increasingly serious one between Congress and the executive branch of the Government is our simply believing what you tell us is true. I want to tell you I am very distressed because I have looked at your memorandum and I know it is a staff option paper—that is what it is, a staff option paper. Well, I don't regard it as a staff option paper, not when I see the kind of response, Mr. Morrill, that I get from Mr. Reedy who has responsibility for administering this program. I think, speaking for myself, that when word goes out across the United States that the present administration, to quote the language of the Commissioner of the Rehabilitation Services Administration, is proposing the dissolution of the vocational rehabilitation program, you are going to get a profound—and it is going to be adverse—reaction to this effort.

Now I could go on and I could be much sharper in my criticism, but I have already indicated I have great skepticism with respect to the testimony you have given us here today. Do you have anything to say?

Mr. DWIGHT. Yes, Mr. Chairman. I can offer you nothing other than what I have already said to persuade you of the validity of the remarks that I made. I think perhaps you read too much into the inner workings of the bureaucracy as represented by those documents that you have related to us here——

Mr. BRADEMAS. Senator Ervin said English is my mother tongue, too. I can read. I have got the document, you know.

Mr. DWIGHT. Mr. Chairman, that is not my point. My point is that in order to get attention as we communicate with each other in the written form we use sharp terms. Some of those sharp terms are the terms that you read in quoting from the document. The process that we are engaged in is the process which we have enumerated for you here on the record today, both Mr. Morrill, Mr. Reedy, and myself. Our comments do reflect what is going on presently within HEW and the com-

ments that you have extracted from those internal documents do not truly reflect the status of that process currently.

Mr. BRADEMAS. Now let me ask you this in light of that response, Mr. Dwight. Looking at Mr. Morrill's memorandum, which is one of the most revealing documents internal or otherwise that I have seen as a member of this committee, and responding specifically to your defense of the nature of the prose that is used in internal documents, I quote page 15 of your document, Mr. Morrill.

Specifically DHEW rhetoric should reinforce strict observance by the States but SRS management efforts should be focused upon reducing unnecessary restrictions, reporting requirements, data collection, et cetera, by the States.

You know, it reminds me of a question I put to the Secretary of State last week. I said, Mr. Secretary, in 1969 you told the Committee on Foreign Relations of the Senate with respect to U.S. policy over Cambodia our hands are clean and our hearts are pure. That was said at a time when the United States was secretly bombing that country and when there was falsification of military records.

I don't like falsification in the DOD and I don't like it in HEW and I certainly don't like to see responsible high officials of the administration come in having produced documents that admonish a certain degree of rhetoric on the one hand while moving in a different direction in terms of action on the other. You see why we have such a hard time, Mr. Morrill, just believing what you tell us up on this committee?

You know, I am very sharp. I am proud of the fact that on my subcommittee we work very closely, Republicans and Democrats alike. We respect each other, we trust each other. We disagree with each other. We tell the truth to each other, or if we don't want to tell the truth we just don't say anything to each other. We have a different problem with you in the executive branch of the Government somehow.

Mr. MORRILL. May I comment, sir?

Mr. BRADEMAS. Please do.

Mr. MORRILL. What you have got in those papers I would characterize as a glimpse of the planning process in motion at a point in time. It is clearly an interim document within which my staff with some encouragement from me is provocative deliberately in asking questions about programs. As we transform those documents into subsequent editions for consideration by the Secretary, there is a dialog process between us and others within the Department, and assertions that we make will be challenged and challenged hard and should be, just as we are challenging others. We may well conclude out of that process that those original ideas, assertions or data were all inadequate to justify a notion that may have been advanced as one possible approach.

It seems to me that this kind of an internal activity within the Department should continue and should run relatively free and unconstrained in terms of hard debate and argument about particular programs or activities. Some of it is bound to be inadequate or poorly informed or what have you, but through that process I think that, to the extent that I serve the Secretary well and he in turn the President and to the extent the executive branch can then bring forward to the Congress sound proposals, this kind of process I think is entirely necessary.

We need to keep challenging ourselves internally to make sure that we are firm in our convictions and that we know as best we can know what it is we are doing and why. I do not think that because there is

that kind of internal dialog and debate going on within a Department at any particular time that it should be felt to reflect the view of the Department until the Secretary has made up his mind and concluded what it is he wants to do. He may with respect to documents that I produce completely disagree with me and that I think is, if you will, part of a sound planning process.

Mr. BRADEMAS. Mr. Morrill, that is a nice try but that kind of explanation really won't seriously wash, at least it won't with me.

You are suggesting that this is kind of an academic exercise down there, an interesting exchange of ideas trying to see how we can make the world better by and by with respect to this and other programs. I have read the documents and I must tell you that I don't take seriously what you have just said to me because your whole memorandum is based upon the supposition that the vocational rehabilitation program is not effective.

And I do not think, further, that any reasonable person reading the memorandum of Mr. Reedy to Mr. Dwight in response to your memorandum, Mr. Morrill, could come to the conclusion that Mr. Reedy is not very seriously troubled by what you have had to suggest. He can speak for himself. He is here and it is awkward for him, but he can say anything he wants to.

You see, there is a certain assumption it seems to me on your part, Mr. Morrill—in response to my questioning about the disparity between your DHEW rhetoric here this morning and your actions—that you are undergoing this evaluation out in space some place. But you are not doing that, and you know it and I know it because—and this is really the point of the matter, I suppose—what you are doing is proposing to dismantle or, again to quote Mr. Reedy, to dissolve the Federal-State VR program in the following context:

Two vetoes by the President of the United States of the rehabilitation bills; the administration trying to kill the training programs for VR for fiscal 1974; total opposition on the part of the administration to facilities construction programs in the VR field; declining support for research in VR; a policy of allowing the VR program to diminish, were you to have your way in this conference committee, at a time when States are beginning to pull their weight. You are more and more burying VR within the Social and Rehabilitation Service while you are cutting back the staff on RSA.

Now, therefore, when you say we are just trying to ask questions of each other so we can make it a better program, that is very hard for a practical minded elected politician to take seriously. I have been the sponsor of the bills that the President has vetoed; I know that you people would just as soon not have these programs passed. In spite of your stating that it is one of the most successful Federal programs, how are we supposed to take that rhetoric seriously in view of the de facto history?

Now, you look at your memorandum here, Mr. Morrill. Virtually without introduction your document describes the social services programs it is going to address and then it makes the following assertion, and I quote your document. "In general the programs have not held up well under critical scrutiny of their performance." That is on page 2.

Then you go ahead to defend that proposition by claiming that "the program objectives are vaguely defined" and that the Federal goals for vocational rehabilitation differ from the goals set by individual rehabilitation counselors.

Then I note what Mr. Reedy says in his July 16 memorandum—and he flatly contradicts your assertion.

Says Mr. Reedy: "There is general goal congruence within the State-Federal VR program."

At this point, Mr. Morrill, your memorandum takes on a sharply ideological slant. On page 3 you make the following observation:

> Although the governmental role in the United States can—and sometimes does—amount to just about anything, the sensitivity and resistance of the populace to increased taxes and increased encroachment of Government upon individual liberties and the private market, places a substantial burden of proof upon those who advocate new or expanded governmental programs.

You then go on to note that one criterion the Federal Government should adopt is the idea of "minimum level of care" and you begin, on page 4, a discussion of the Federal role in social services "based upon the tenet" that governmental functions should be decentralized on the "assumption" that decentralization is a better and more effective form of government.

Let me interrupt myself here, Mr. Morrill to note that I am not sure how decentralization would cure the evil you first cited: namely, the fact that the counselor's goals differ from those of the Federal Government. In other words, the solution you propose is unrelated to the problem, as you have defined it.

I recall Mr. Carlucci and Dr. Ottina being in here the other day defending regionalization—and I realize that regionalization and decentralization are not necessarily the same thing—on the grounds that regionalization would lead to greater effectiveness of programs.

I said, "OK." Mr. Carlucci, what is your evidence for that metaphysical leap of faith." And it will not surprise you to learn that he had no evidence for that proposition.

Because there is no evidence for that proposition—it is simply an ideological judgment.

I for one would be much more impressed if you were to come in here and say with respect to some of these matters—you and Mr. Carlucci and Mr. Weinberger—we don't like it. We don't have any evidence that it would work better. If we decentralized or regionalized, but we just don't like it the way it is. It is an article of religious faith. That same nonrational, unsupported justification for your attack on VR. I think runs throughout this memorandum.

Now I have more questions but I have monopolized the questioning here and I want to yield to the gentleman from Idaho, Mr. Hansen, who by the way has contributed in a very significant way to the shaping of the vocational rehabilitation legislation on which we are now working in conference.

Mr. HANSEN. Thank you, Mr. Chairman.

I might say that I find myself in disagreement with a number of the conclusions or perhaps tentative conclusions reflected in the memorandum, although I have no argument that the planning process should not go forward in that there should be a continuing review and reexamination even of the most successful and effective programs

for purposes of improvement. I would have to confess that recent history has caused me some great apprehension as this planning process goes forward.

The long and successful history of the vocational rehabilitation program has, of course, been noted. In addition to it being, I think, basically soundly conceived, a lot of the reason for success, I am certain, is the strong support that it has enjoyed in the Congress. In fact, it is almost unique. I expect if you compared this with other programs, even over a more limited period of time, you could not find any that have received such enthusiastic and, almost without exception, unanimous expressions of support from within the Congress. A good deal of that success, I think, can be attributed to the strong support it has received within the executive branch, up until recent months, and, that is what causes me some concern now.

Having worked in this subcommittee over a period of the last 3 years on this legislation, which, as the chairman noted, met two Presidential vetoes, and having worked very closely with different points of view in order to come up with legislation that could command, deserve and enjoy this same support, it was a shattering experience to learn of the rather sudden change of direction reflected in the first of the two vetoes.

I don't think I am talking to the right people here. Those decisions were made elsewhere—I think they were not made even in the Department of HEW. But they have caused great concern among many of us in the Congress about the future of a program that depend on a strong cooperative effort between the two branches. It is for that reason that I have some apprehension about the planning process that is going on now.

The question that I want to raise relates to the next steps at the time some decision is made in the executive branch, at the time this planning process has been completed, and a decision has been made. Then my question is whether it will be implemented; that is, whether actions will be taken in terms of budget decisions, organizational changes and so forth, to implement those decisions, assuming they involve some significant departure from the present program. Will the executive branch come to the Congress, submit the recommendations as recommendations and then engage in open, free and frank discussions so that whatever is finally done reflects the best judgment of both branches?

Now this has been the way in the past that it has worked, but, as I say, in the last few months particularly, the implementation of decisions within the executive branch, without consultation with Congress, causes me to raise the question now and I would like to be reassured on this point, if possible.

Mr. DWIGHT. I can give you that reassurance, Congressman Hansen. That would be the way that we would intend to operate any program, it will be operated within the law. If we have recommendations which would suggest that the law should be changed, then we will be bringing those recommendations to the Congress with the expectation that those recommendations would be based upon hard facts and sound evaluation.

Mr. HANSEN. Now in the case of some other programs, again within the education field, which concern our full committee, we have had recommendations for changes in authorizing legislation, or at least

changes in programs that require authorizing legislation, but coincident with those recommendations, and in some cases even prior to the submission of the recommendation budget decisions were made where the budget requests were submitted in anticipation of the legislation being approved when there were no real prospects for its being approved, certainly not by the beginning of the fiscal year. What concerns me is the possibility of a decision being made—the submission of a recommendation that a budget decision be made—that may terminate a program or a service before the Congress has had a opportunity to make its judgment on that question.

Mr. DWIGHT. Congressman Hansen, I am unaware of any decision like that. As affects any agency within SRS.

Mr. HANSEN. Now with respect to the research and the training elements in the program, to some extent have not budget decisions been made in terms of the recommendations that don't reflect congressional or joint congressional Executive judgment on whether that phase of the program should continue?

Mr. DWIGHT. It is my understanding, Congressman Hansen, that when we mix research and training we are talking about two different things. I believe that your point is largely directed toward the training issue and the judgment that the administration has made across the board to terminate institutional support of training in deference to the student choosing where he uses his federally supported educational vouchers, if you will, for the securing of that education. I hope that Frank will correct me if I am in error, but I would assume that the Congress has authorized SRS to engage in training grants and we have chosen in line with the policy that I just enumerated not to exercise that authority.

Mr. HANSEN. Well, I won't prolong this unduly but I think you see my concern and that is that when the decisions are made, when the recommendations are ready to be submitted, that then we do it on a cooperative basis and try to adjust any differences; that we make some decisions and enthusiastically report whatever emerges from that decisionmaking process rather than having some of the alternatives preempted by unilateral budget decisions or other decisions within the executive branch.

Now I have some other questions that I am not going to take time to read. These come from our colleague Congressman Barry Goldwater who has a very strong interest in this program and particularly in certain phases of it. He has asked that I submit these questions to you which I will do for the record in the interest of time. I expect that the House may be subject to a quorum call or a vote shortly but we will submit these to you and if you could answer them for the record your answers will appear as part of this hearing record.

Thank you, Mr. Chairman.

[The document from Congressman Goldwater follows:]

STATEMENT OF HON. BARRY M. GOLDWATER, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Congressman Barry Goldwater is a strong supporter of the National Leadership Training Program for the Deaf which is conducted at the California State University of Northridge. Since this program has been one of the most successful training program for the deaf anywhere in the country, he has expressed great concern over the fact that it is being terminated. The following is a fact sheet on the National Leadership Training Program in the Area of the Deaf at the California State University at Northridge.

FACT SHEET

Since 1962, the National Leadership Training Program, funded by Rehabilitation Services Administration of the United States Department of Health, Education, and Welfare has graduated 161 persons, 54 of whom were themselves deaf. The program was designed to train participants as change-agents, and to prepare them for positions of leadership in the fields of rehabilitation and education.

Today graduates of the program hold significant leadership positions in the field, including as State Consultants for the Deaf (4), one State Director of Services for the Deaf, and as rehabilitation counselors; as Superintendents of Schools for the deaf (7), as principals and supervisors in schools serving the deaf, as media specialists in schools and in one case in the Office of Education, as psychologists and counselors, as trainers of teachers of the deaf (two are themselves deaf) at the university level, as dormitory supervisors and as directors of special projects and research centers for the deaf. A number of graduates have earned doctorate degrees including three deaf persons and another large number of graduates are currently pursuing doctoral work (including 14 deaf persons).

Graduates have been involved in initiating adult education and continuing education programs for the deaf, in the training of interpreters, in implementing "total communication" programs in the design and implementation of new devices which would enable deaf persons to communicate over the telephone, in "integrated" educational programs for the deaf, in summer institutes in communications, and in short term projects for professionals, parents, and rehabilitation counselors.

The program has the acceptance of the field. Graduates are in high demand in the employment market. Many promising people apply each year. In early 1973, there were 100 applicants for the 14 openings for the class beginning in January, 1974.

In August, 1972, the importance of this project was recognized by a notice of grant award designating an extension of the project through August 31, 1979 subject to the availability of funds. In March, 1973 the Project Director received a letter announcing that the Rehabilitation Training grant program was to be phased out with program support terminating in August 21, 1974.

Senators and Congressmen from across the country received hundreds of letters from deaf persons, from graduates of the program, and from other persons with an interest in the welfare of the deaf. As information was requested from the funding source, these Senators and Congressmen were informed that the project had another year to run (through August of 1974) and that students could pursue their studies with funding from other sources.

This information in inaccurate. First, the National Leadership Training Program is to receive only about 20% of its usual funds. This is "phase out" money, certainly not enough to operate the program for another year. Secondly, the university's Financial Aid Officer and local banks attest to the fact that other funds are available to students only if they meet certain stringent regulations pursuant to residency within the state of California. In short, program money is not available, no scholarships are available to students, and loans are made only under certain conditions, most of which penalize "out-of-state" students (75% of the candidates come from outside the state of California).

Unless the decision to terminate the National Leadership Training Program for the Deaf is reversed, there is the very real threat that innovations such as those named above will stop; that leaders will not be trained; that opportunities for deaf graduates will cease, and that the plight of deaf persons in this country and deaf persons yet to come will be bleak indeed.

Prior to the initiation of this graduate program there was no guarantee that a deaf person with a bachelor's degree could find gainful employment in a professional field. In fact, embarrassingly high numbers were not finding suitable employment. The 54 graduates of this program have a 100% employment record and this points to the fact that a suitable graduate program attracts and suitably trains qualified deaf persons and that this training leads to gainful employment.

In 60 days (October 1, 1973), faculty and the training class selected for training in 1974 will be otherwise committed and it will not be possible for the program to offer a training class beginning in January, 1974. If a decision to continue the program is a possibility, this decision must be made quickly.

The needs of the deaf have not yet been met and the needs of this very special population of people will never be met if programs such as the national leadership training program pass out of existence.

Congressman Goldwater has requested that the following questions be asked during this hearing this morning. Therefore, on his behalf, I will pose the following questions:

1. Since there are provisions in the vocational rehabilitation legislation now pending before the House-Senate conference for the continued training of counselors and the other professionals to work with the deaf, specifically what are HEW's plans to continue these much needed training services?

A. The training grant programs administered by the Social and Rehabilitation Service, including the rehabilitation training program, are being phased out in Fiscal Year 1974 as part of a general policy to curtail specialized manpower training programs in favor of broad programs of support for higher education. Primary reliance for future rehabilitation manpower dev lopment will be placed on general student aid programs administered by the Office of Education. Federally funded programs of general student aid—the Basic Educational Opportunity Grand Program, the National Direct Student Loan Program, the Supplemental Educational Opportunity Grant Program, the College Work-Study Program and the Guaranteed Student Loan Program—are now available to assure that students enrolled in rehabilitation studies are not deprived of higher education because of a lack of funds. Of course, vocational rehabilitation programs generally will be governed by the requirements of the legislation which is finally enacted.

2. As you know, there are a limited number of training programs for the severely handicapped throughout the Nation and, therefore, many handicapped individuals must travel to other States in order to receive some type of training. Receiving States, such as California, are often reluctant to accept these individuals as clients because they do not have sufficient funds to train their own handicapped citizens. Specifically, what plans does HEW have to continue providing services for out-of-State clients who must be trained in other States?

A. We assume that the Congressman's question is oriented to training provided by a State vocational rehabilitation agency to a client, rather than to the direct Federal rehabilitation training program now being phased out.

The provision of direct vocational rehabilitation services—including training—to handicapped individuals will continue to be a State rather than a Federal responsibility. Insofar as clients of State vocational rehabilitation agencies are concerned, no handicapped individual may be excluded from receiving vocational rehabilitation services because of a State residence requirement.

3. Since the current HEW budget includes $17 million for "orderly" phaseout of RSA training programs, why are existing RSA programs rapidly being terminated rather than gradually phase out? A second part of this question is, if these programs are and have been valuable, why are they being phased out or terminated in the first place?

A. (*a*) Under the phaseout plan being implemented for the rehabilitation training program, traineeships will be awarded during the 1973–1974 academic year only to those students who are presently receiving traineeship assistance and who are dependent upon traineeship support to complete their study programs. For the projects in continuation grant years and for other projects in which there are continuing trainees, the cut back of faculty costs will total approximately fifty percent. Where the number of rehabilitation students who are returning for the 1973–1974 academic year exceeds fifty percent of the number of 1972–73 academic year students, the grant for faculty support will be adjusted proportionately.

Those projects with no continuing trainees which have reached the end of a previously determined project period will be terminated according to the original project schedule.

These policies have been developed to make possible an orderly phaseout of the rehabilitation training program.

(*b*) The rehabilitation training program is being phased out because it is felt that the most equitable and rational role for the Federal government in the area of higher education lies in the support of student costs and not in the selective funding of specific academic disciplines through a maze of highly narrow categorical grants. The general student aid approach has the advantage of enabling a wider range of student career options than is possible under a traineeship program which is limited to selected rehabilitation fields.

4. Will HEW and specifically RSA provide any support of handicapped (specifically deaf clients) at graduate or doctorate levels of training?

A. Handicapped individuals who are clients of State vocational rehabilitation agencies will continue to be provided vocational rehabilitation services. Where appropriate and necessary, such services may include advanced training in an educational institution.

After the phaseout of the rehabilitation training program, RSA will no longer provide direct support to students interested in advanced training in the rehabilitation professions.

Mr. BRADEMAS. Thank you, Mr. Hansen.

I wonder, gentlemen, if we could turn our attention to the situation in which we now find ourselves; namely, that when Congress returns after Labor Day we shall go back to conference on the rehabilitation bill. Now the administration's 1974 request for this program as I recall it was $609 million, approximately a $20 million increase over the revised 1973 estimate which is I think an increase of about 3 percent. Mr. Reedy, am I correct when I say that the original budget request for fiscal 1973 was $609 million?

Mr. REEDY. Yes.

Mr. BRADEMAS. Which is to say, if my arithmetic is correct—we have a CPA here so I have to be careful—that the new 1974 request is a zero percent increase request. Why was the budget request revised? Is there a chance of another revision this year?

Mr. REEDY. Mr. Chairman, we originally based our operations on 1973 on the $610 million expectation because it was in the President's budget and was in the congressional markup but many, many months went by without this money being made available. Therefore, when the budget was revised for 1973 the Department revised the figure down to $590 million from $610 million feeling that so much of the year had passed that this would probably achieve our goals during the year.

Mr. BRADEMAS. How much of that money has been picked up by the States as of July?

Mr. REEDY. Well, in matter of fact the money is not yet available. Congress has, we understand, just completed action by including a special rider on another bill to make the additional $30 million available to the States, an action which the Department has strongly supported. We believe we are right at the point of having the money available and we are ready almost at a moment's notice to distribute it to the States. We know that they will pick up some obligations from 1973 that are very pressing and we are very anxious.

Mr. BRADEMAS. You anticipate they will pick up the entire $30 million, Mr. Reedy?

Mr. REEDY. At this time this is our request.

Mr. BRADEMAS. Mr. Morrill, we are talking about money here and one of the factors in your memorandum that I did not say very much about was the question of need. Do you have any judgment on the need for vocational rehabilitation expenditures by the Federal Government?

Mr. MORRILL. I am inclined to say, Mr. Chairman, I don't have a judgment on that in answer to that specific question. I will be glad to see if I could supply something for the record if you would like.

Mr. BRADEMAS. When you read the transcript back and you reflect upon it in the context of my earlier conversation with you, you will, I think, understand that that is an extraordinary response to my question. How in the world can you possibly be serious about evaluating the effectiveness of a program when you can say here that you are not in a position, having gone through this exercise represented by a rather thick memorandum, to say anything about the need for the services which are provided under the statute? Don't you have any idea of the need for vocational rehabilitation services in this country?

Mr. MORRILL. I understand your question, sir, to be an expression of a number that you were asking me for.

Mr. BRADEMAS. You can respond to it in any way that you like. You have been studying this program, obviously you put a memorandum together. Now how do you define the need? You define it in your terms, leave my terms out of it.

How do you respond to what I think is a straightforward question not designed to trap you? How do you define the need for vocational rehabilitation services in the United States in 1974?

Mr. MORRILL. Well, obviously that got to be defined at some point in time as a numeric expression in terms of a budget request which the administration has submitted in its budget amounts.

Mr. BRADEMAS. You totally miss the point of my question.

Mr. MORRILL. In terms of a total assessment of how many people could use rehabilitation services, and how many people are being serviced by the current VR program or have needs being met in another way, it is probably clear that we can find people who are not getting service now; but I am not sure as to what that translates to, at this point in time, as a specific number.

Mr. BRADEMAS. You will find that response will also be quite an extraordinary one when played back.

Here you are in your position coming up with a document that has to do with a variety of options for the future of the program that you have agreed has been one of the most successful over 50 years. Yet when I put a question to you with respect to the need for the kinds of substantive services that this program makes available, you are not even in a position to give me a ball-park response to that question.

Now, on this committee when we write laws, we do not write laws from some simple whim, regardless of what some of you may think.

We write laws as elected legislators in response to what we perceive to be needs in our country. We don't just write them off the top of our heads.

I should have thought that a minimum concern on your part, if you are going to be serious in meeting your responsibility for planning and evaluation with respect to human resources programs, would be what is the universe of need, what are the problems we are talking about? Can't you give me any response to that kind of a question?

Mr. MORRILL. I would point out, Mr. Chairman, that in terms of the various options, we are addressing there the nature of the delivery system as between the present structure and other ways of achieving the same objective. I think that kind of a dialog can go on as to what ways most effectively reach the target population, and, to the extent we are able to analyze it as to which one of the methodologies gets the most dollars out to the service level.

Mr. BRADEMAS. Mr. Morrill, you know, let's walk back through this once again. I am not trying to badger you, but what we are talking about is a very important matter. Now, I have asked you several times, as the person in HEW responsible for planning and evaluation of the programs administered by your Department, about the need for vocational rehabilitation. This is a program that is over 50 years old, that affects handicapped people in the United States, a word that none of you has yet used in any response you made to the chairman of this subcommittee, which I think is also revealing.

I have asked you about how you define the need for these programs; otherwise, it will be impossible, I should have thought any rational person would agree, for you intelligently to make judgments about the two responses, and the only two responses you have so far given me in response to my question.

Your first response was to remark upon the administration's budget requests for this program. Your second response was couched in terms of the nature of the delivery system. I have not yet heard you say what are the dimensions of the needs with respect to which we must consider what are the most effective delivery systems. Once we have made some judgment about that, we can then talk about how much money we ought to recommend for these programs consonant with the other burdens upon the Federal Government.

You have not yet addressed yourself to problem No. 1. You have leaped over that to talk about problems, logically speaking, Nos. 2 and 3.

Mr. Reedy, can you tell us what is the need for training handicapped people in the United States? Is that an unfair question?

Mr. REEDY. Mr. Chairman, I have to confess that there are no precise figures on the exact amount of need.

Mr. BRADEMAS. I am aware of that.

Mr. REEDY. But last fall, again as a part of our long-range planning process, we had a careful study made from what we feel are the two best indicators of what this population may be. I refer to dis-

ability figures of the 1970 census, and the figures from a survey made by the Social Security Administration of disablement in the working age population 1961 through 1964. It was revealed there that there appeared to be persons with significant disabilities in that age range of about 11,900,000 people.

Now, if we assume that half of them were working because their disabilities were not so significant as to preclude work, it left a group of 6 million unemployed who were not in institutions. Now, we reason that two out of three of those are potential candidates for rehabilitation, giving a general universe of 4 million people. Now, we hope in 1974, with the budget in prospect, to have 1,300,000 people actively in the rehabilitation system. That happens to be roughly one-third of our estimate of the universe of people who actually need and could profit by vocational rehabilitation.

Mr. BRADEMAS. What was that figure again?

Mr. REEDY. 1,300,000 persons to be in the system actively involved in rehabilitation in 1974. About one-third of the total of 4 million which we feel is the universe.

Mr. BRADEMAS. Thank you, Mr. Reedy.

Would it not be a rational way to make a judgment about both the appropriate delivery systems and the amount of money required, Mr. Dwight and Mr. Morrill, for you to say, "What is the problem, define the problem?" But the way in which you approach this matter is, I think, very significant for all those persons who are concerned about human and social services in the United States because, you see, you don't talk about human need; what you talk about is, well, what is OMB going to do on delivery systems. I suggest that you are getting the cart before the horse.

Now, you may well say, well, the need is so big we cannot meet that entire need. Well, nobody is going to berate you if you can't do that, but I don't sense—and I don't mean to say this in any rude fashion—any concern about the impact on human lives of these programs. I don't find that in the memorandum frankly, Mr. Morrill. That is a tough statement I just made, and again I make it in the context of the history of this administration's attitude toward the vocational rehabilitation program.

Now, let me turn to the area of training personnel to work with the handicapped, a subject to which Mr. Hansen also made reference. The documents that you have supplied to the Labor-HEW Appropriations Subcommittee indicated that although $27.7 million were appropriated for rehabilitation training programs in 1973, that the administration wants only $17 million for this purpose for fiscal year 1974 and nothing for fiscal 1975. How do you explain that, Mr. Dwight?

Mr. DWIGHT. Mr. Chairman, that reflects the comments I made earlier to Congressman Hansen, where in the current year, the administration's budget proposal reflects the hypothesis that those persons who had previously entered training would be sustained in that training. No new persons would be started with institutional support on the assumption that the educational programs, such as the basic opportunity grants, loans, and so forth, would provide the financial support for individuals to seek the necessary training that they had, without being constrained by what institutions were able to garner in the way of financial support from the Federal Government.

Mr. BRADEMAS. What evidence is there for the validity of that assumption, Mr. Dwight?

Mr. DWIGHT. I have no evidence to state as I did not participate in that decision.

Mr. BRADEMAS. Is there evidence, Mr. Morrill, for that proposition?

Mr. MORRILL. I do not have it here at this point.

Mr. BRADEMAS. Does it exist? I want first to establish whether or not there is any evidence for the assumption posited a moment ago by Mr. Dwight in response to my question.

Mr. DWIGHT. Mr. Chairman, I could offer some observations, because I believe that the assumptions are valid. For the last 2 or 3 years that I was involved in State government, my responsibilities lay in the educational areas. I found that the institutional ability to acquire financial support at either the Federal or State level was skewing the priorities. Those factors were influencing the choices of individuals rather than to allowing the individuals to make choices of their own.

The State of California has pioneered in the area of providing financial resources in the hands of individuals to acquire and sustain their own educational needs. We found, based upon that experience, that you get a better mix and you don't find your surpluses and shortages in terms of the skills that are being generated out of educational institutions and the needs in the labor market.

Mr. BRADEMAS. You know, when I hear you use phrases like "a better mix" and "skewing of priorities," I have to ask myself what in the world you are talking about in the English language. What are the standards on the basis of which you make a judgment that the mix has been skewed or that priorities have been mixed? I mean, how do you decide that?

Mr. DWIGHT. I will cite a few for you, and this again is strictly in the State of California. We found that the educational system was producing way too many teachers and engineers.

Mr. BRADEMAS. On the basis of what judgment? What does it mean to say too many teachers, too many engineers?

Mr. DWIGHT. Persons were trained to be teachers who could not find jobs as teachers.

Mr. BRADEMAS. That is a judgment.

Mr. DWIGHT. No; it is a fact.

Mr. BRADEMAS. Well, I would be very grateful if you could make available to this subcommittee the evidence for the assumption that no more support from the Federal Government for the training of personnel to work with the handicapped is now required in view of the passage by Congress of the basic educational opportunity grant program. I happen to be one of the fellows that wrote the basic educational opportunity grant program, so I think I know something about that, and I can tell you that we certainly did not assume in writing that program that the need for a variety of other existing training grant programs had suddenly disappeared.

That is again another metaphysical leap of faith on your part without any evidence whatsoever to show to this subcommittee. Do you have any evidence for this proposition, Mr. Reedy, that we don't need any more Federal money to provide people to work with the handicapped?

Mr. REEDY. No; I do not.

Mr. BRADEMAS. Where does that information come from? Does it come from right out of the clouds?

Mr. DWIGHT. Mr. Chairman.

Mr. BRADEMAS. Yes. You are responsible.

Mr. DWIGHT. I believe I would disagree with your hypothesis. The facts we have been discussing here do not constitute an expression on the part of anybody in SRS that we do not need vocational rehabilitation training for persons who are going to be active in that field.

Mr. BRADEMAS. I didn't say that. I didn't say that so don't say that I said that. What I said was a need for Federal support for the training of persons to work with the handicapped. That is what we are talking about.

Mr. DWIGHT. Exactly.

Mr. BRADEMAS. And you are saying there is no more need for Federal money to train people to work with the handicapped through these programs. You are saying they get enough support through the basic educational opportunity grant program.

Mr. DWIGHT. The basic educational opportunity grant is Federal support.[1]

Mr. BRADEMAS. I want to know what your basic evidence is. Have you made any study or evaluation? You or Mr. Morrill.

Mr. MORRILL. I cannot answer that question now. I am frank to say——

Mr. BRADEMAS. Mr. Reedy, have any studies been made that show this?

Mr. REEDY. No; I know of none.

Mr. BRADEMAS. So I just don't believe you.

Now here is Dr. Edward W. Lohman of the American Congress of Rehabilitation Medicine who is an expert in this field and he says, "This training program is now in such a state of flux that the whole rehabilitation effort in this country is threatened. From my own experience, we have seen the loss of young physicians to rehabilitation simply because funds for the residency program have been cut back. We have some 50,000 residents in training this year, and for next year we have had to reduce the number of residencies to 23,000."

Mr. E. B. Whitten, Director of the National Rehabilitation Association, and long a leader in this field, said, "This action on the part of the administration demonstrates a lack of understanding of the rehabilitation programs, how they operate and how the current training programs help meet personnel needs."

I think if you go back and reread the transcript this morning you will not disagree that you have not exactly illuminated the understanding of the subcommittee with respect to the role of Federal training grants earmarked for these purposes and the new basic educational opportunity grant program. You have just not given me any specific evidence to justify your position.

We will recess for 5 minutes while the Chair goes over to vote and then come back.

[Whereupon, a short recess was taken.]

Mr. BRADEMAS. The subcommittee will be in order.

There has been a sharp cut in the 1974 budget with respect to research. We had $19.255 million for research and demonstrations in 1972. That figure was halved in 1973 to $9.505, and the administration is asking for about the same figure for fiscal 1974. I note also that the Regional Research Institute which received $600,000 in 1972 and 1973 is scheduled to be cut completely according to the President's

[1] Mr. Dwight submitted for the record on Apr. 9 a paper prepared in SRS on available Federal support which appears in the appendix.

1974 budget and I am trying to get some idea of why we are cutting back on research in this field.

Mr. DWIGHT. Mr. Chairman, I cannot speak to the Regional Institute. I can expound on my own thoughts in terms of the value of the research and particularly demonstrations in terms of providing the Congress and ourselves with the kind of information that you have suggested I think accurately so that generally a shortcoming of the governmental decisionmaking process is past.

In terms of the substantial reduction a year ago as between 1972 and 1973 I have no knowledge of how that decision was made or what the reasons for that decision were.

Mr. BRADEMAS. Mr. Morrill, have you any comments on that question?

Mr. MORRILL. Because of my having just arrived on the scene, sir, I cannot add to that.

Mr. BRADEMAS. Mr. Reedy, could you give us any comment on the situation with respect to research money?

Mr. REEDY. I don't think I can make a response to that as research is not under my immediate administration.

Mr. BRADEMAS. Who would be able to give us a judgment on that matter?

Mr. DWIGHT. Mr. Chairman, Dr. Garrett has been responsible for all of the research activities within SRS for several years and he would be the gentleman that would have that kind of insight toward it.

Mr. BRADEMAS. Very well.

The Chair would like to say——

Mr. DWIGHT. Would you like a statement in the record on that?

Mr. BRADEMAS. I think rather than that that we shall continue these hearings until after Labor Day and we will ask him to come in and speak to us at that time as well as continue these questions because we are clearly not going to have time today. The House is in session and the Chair has another appointment in a few minutes. We are clearly not going to have time to go into a number of these matters in the depth that we would like.

Mr. Reedy, I would like to give you some questions which you can give us answers to in writing with respect to the staffing and personnel at RSA, and I will see that you are given those by counsel.

Rather than continue further questions at this time the Chair wants to express his appreciation, and he is sure that of the other subcommittee members that were here, to all of you gentlemen for having come and listened to our questions and having given your responses.

I just say finally that I am one of those who thinks that Congress has been much too easy on the executive branch under both Democratic and Republican Presidents and I am bound to say that I have been deeply distressed by the direction which I have seen the present administration move in respect of a number of human services programs. It seems to me that the attitude which has undergirded your approach has been an attitude not of what kinds of human needs are there for which there is some appropriate responsibility on the part of the Federal Government to help, but rather the approach has been how can we save money.

Now everybody is for saving money but I detected on the part of the administration a much greater concern to rehabilitate for remunerative employability, where possible, handicapped human beings. It was Secretary Weinberger who said before a Senate subcommittee that

this was one of the most successful programs that we have had and he remarked upon the extraordinarily high ratio, 35 to 1 as I recall, of return on investment of the Federal dollar.

I just want to say finally that I am sure that when word gets out across the country of what I perceive to be a clear intent on the part of the administration to undermine and weaken and, if possible, to dissolve the Federal-State vocational rehabilitation program there will be, I think, very widespread opposition.

And I am sure that I can accurately speak the views of the chairman of this committee, Mr. Perkins, and I know I can speak my own views, when I say you will have the most vigorous militant opposition to any such effort and you might as well know it now. I for one am not going to sit here and allow this or any other administration, so long as I have one voice on this committee, to destroy this enormously important program to help make life better for millions of human beings in the United States.

Whether the response is, "Well, we are not doing that, we simply want to deliver the services more effectively," or not I have to remain profoundly skeptical of the intentions of this administration with respect to vocational rehabilitation. So we will come back and have more hearings next fall.

I for one don't propose as a member of the conference committee on the House side to sit by and see you chop up the program so far as money is concerned. I am not going to support the administration approach with respect to changing the pattern of allocation and appropriations because this program is just too important to too many people.

Now, Mr. Morrill, I see you yearning to make a response and I invite you and your colleague to do so.

Mr. MORRILL. Mr. Chairman, let me just, if I may, quickly note three things. I think all Mr. Dwight and I can do here is say genuinely that dissolution of this program is clearly not our intent. I am disappointed that we have not been able to be persuasive in that regard.

With respect to concern about the underlying human problems, I recognize that documents that get written in large bureaucracies often are full of numbers and that kind of material. At least, I for one, and I think most of my colleagues in HEW would not be there if we didn't have a fundamental underlying concern about the human problems that undergird our activities. Indeed in response to your question about need, I was thinking about an experience that I personally had in my prior employment as deputy county executive in Fairfax County in which I was involved in setting up a sheltered workshop. Flashing across my mind were recollections of my own uncertainty in that useful and needed service about what the universe of population was out there to which it was responding. I make that note again to underscore that I personally am in HEW because I am concerned about the problems with which we are dealing.

Mr. DWIGHT. Mr. Chairman, I would just like to reemphasize Mr. Morrill's point about the record clearly stating that there is, and as far as I know will not be, any attempt to dissolve or in any way undercut this very successful program with the States for the rehabilitation of handicapped persons.

Mr. BRADEMAS. Mr. Reedy, do you have any comment?

Mr. REEDY. Mr. Chairman, we have had repeatedly the expressions and actions from you and from the chairman showing your interest in this program. We deeply appreciate this and we will hopefully be around long enough to participate in your next round of hearings.

Mr. BRADEMAS. Well, thank you very much, gentlemen. If you won't think me unkind in saying so, we shall henceforth pay attention not only to what you say but to what you do, to quote a former employee of this administration.

I ask unanimous consent that the following memorandums be included in the hearing record: Memorandum of William A. Morrill, June 28, 1973; memorandum of Corbett Reedy, July 18, 1973; memorandum of Stanley B. Thomas, Jr., July 18, 1973.

Without objection, it was so ordered.

The subcommittee is adjourned.

[The documents referred to follow:]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
SOCIAL AND REHABILITATION SERVICE,
REHABILITATION SERVICES ADMINISTRATION.

Memorandum to: Mr. James S. Dwight, Jr., Administrator.
From: Acting Commissioner, Rehabilitation Services Administration.
Subject: Social services/human development program memorandum—Assistant Secretary for Planning and Evaluation memorandum of July 16, 1973.

We appreciate the opportunity to comment on the proposed Program Memorandum. We are concerned that decisions of such magnitude and of far reaching implications are being considered in apparent haste and without adequate consultation with the programs concerned

The proposed Program Memorandum concludes that the Vocational Rehabilitation Program is sufficiently ineffective as to warrant fractionation and dissolution of the State-Federal Program. We do not concur with this conclusion. Ironically this OS proposal coincides and conflicts with glowing praise for the program by the Congress and their current legislative initiative to further expand and reinforce the program.

There is general goal congruence within the State-Federal VR Program. Traditionally, the Federal role has included leadership, transfer of resources, and capacity building. As we move into the rehabilitation of the more severely disabled the Federal role becomes more crucial in these areas, particularly in capacity building in special disability areas. The most appropriate future course would appear to be to maintain the current program structure while improving program management capability.

The assumption behind the proposal to substitute cash assistance for the current VR Program is that the disabled individual is capable and motivated to plan his rehabilitation program and to seek from vendors the services which he needs to implement that program, and further that such services are readily available for purchase. Generally, this is not the case. Normally, the disabled individual has little knowledge as to his specific rehabilitation needs or of the availability of essential services. This is where the VR counselor plays a critical role in providing professional advice in helping the individual develop an appropriate rehabilitated plan tailored to his needs, while preserving the client's freedom of choice. Also, we have found that the mere existence of client need and ability to pay does not assure the availability of needed VR services. The integrated service system of the State-Federal Program has proved to be the best catalyst for assuring such availability of services.

It would appear that the bases upon which many of the allegations in the Program Memorandum are made need careful scrutiny and analysis. We would like the opportunity of examining mutually the hypotheses and the data upon which they have been based. We are available to participate in more detailed discussions.

CORBETT REEDY.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
OFFICE OF THE SECRETARY.

Memorandum to: Assistant Secretary for Planning and Evaluation.
From: Assistant Secretary for Human Development-Designate.
Subject: Social services and human development planning documents.

This memorandum represents our preliminary response to the Social Services and Human Development Planning Documents we received yesterday. We will pursue a further indepth analysis prior to the August 1 meeting with the Secretary and my staff will be in touch with your office regarding our comments and recommendations.

The following are our views in regard to the specific issues raised in the decision memorandum:

Issue 1. Social services delivered more as cash assistance

The paper needs to give more emphasis to the strategy that should be followed in order to bring service into existence given a cash-out approach. What is to be done if the private sector is not ready or willing to provide needed services? The range of options presented from direct service provision to cash grants does not mention such approaches as Federal incentives for coordination, demonstration and market development.

In addition, we should confront the issue of how to determine the appropriate level of cash assistance. It is difficult to consider strategy in human development social services without concurrently dealing with strategy in the income area.

Although HD is not asked to present a recommendation in the area of "other social services under Title IVA and VI," decisions in this area will be of critical importance to the field of aging. While we are inclned to agree wth option one, we feel, once again, that it is necessary to explore the strategy that would be followed in bringing into being the services that are required.

Issue 2. Devolution of responsibility for social services to, State and local authorities

HD is in agreement with the thrust of this effort. We feel, however, that proportions of money should definitely be earmarked for particular groups and thus recommend, that on page 8, the words "would probably" should be changed to "will be earmarked."

Demonstration projects: The demonstrations recommended are probably a good approach. We feel that a thorough analysis is needed to establish clear criteria for selecting states and identifying the Federal programs and resources to be utilized. Specific objectives need to be delineated for what we expect to learn from the demonstrations. HD concurs in the selection of option one provided that earmarking is included and that a complete analysis is undertaken of the feasibility of carrying out such projects within specific states.

In addition, we feel this kind of activity should be undertaken in consultation with the Congress, given the experience of the DOL manpower programs.

Managerial reforms: HD is unable to make a recommendation in this case since it is unclear what exactly is meant by Option 2.

Capacity-building: Capacity-building has not yet been clearly defined, and seems to vary considerably from office to office and program to program. HD includes within its definition a demonstration and marketing strategy approach, and considers that several of its programs are currently capacity-building efforts (Title III and Title VII of AoA, OYD, and some portions of OCD. It is not clear to what extent P's definition of capacity-building includes this type of effort. HD supports Option 3, given this definition.

Issue 3: Clarification of agency and bureau purposes and activities

Aging: HD agrees with the proposition of concentrating on the development of services for the elderly poor and that we could work into those services some kind of self-enforcing fee schedule for the non-poor. However, it would appear that as far as the nutrition program is concerned, this would require a change in law. It is also very clear that Congressional intent is opposed to such an approach. HD, therefore, suggests that it might be more feasible to encourage states to develop fee schedules of their own in this area.

The nutrition program can be considered a capacity-building effort in that it will serve as a demonstration vehicle for the future marketing of services. Program packages will be developed based on the Title VII experience to encourage States and local governments to undertake nutrition programs by using other public and private resources in areas outside those covered by the Title VII program.

Head Start: It appears that legislation would not permit the implementation of Option 1 as stated, since the EOA does not expire until the end of FY 75. OCD concurs with P in recommending Option 2, which it understands as that recommended on page 18 of the program memorandum: "Option B–1 would extend the present HS legislation for two more years, with modification to permit a larger state role in administering Head Start on a demonstration basis in selected sites through FY 77. During this period, OCD would complete the capacity-building effort now underway. At the end of this period, HEW would be free to reassess the appropriate Federal role in Head Start * * *."

Child Welfare Services: HD concurs with P in Option 3, in changing funds from formula to discretionary monies. It would appear, however, that obtaining the necessary legislative change will be difficult, if not impossible, in the near future. HD therefore suggests that the more immediate issue should be the transfer of CWS to OCD and that efforts subsequently be undertaken to bring about the legislative change.

It should be clarified in the language of the memo that the P recommendation for merging CWS and OCD funds refers to the R & D funds currently within the Children's Bureau of OCD.

Youth Services: HD recommends Option 4.

We will forward additional, more detailed comments on the Program Memorandum within the next few days.

STANLEY B. THOMAS, Jr.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
OFFICE OF THE SECRETARY.

Memorandum to: Assistant Secretary for Human Development Administrator, SRS.
From: Assistant Secretary for Planning and Evaluation.
Subject: Program memorandum: Review meetings.

Attached for your review and comment is a copy of this year's program memorandum for Social Services/Human Development. Your comments are requested for submission to P by c.o.b. July 11, so that your positions may be reflected in the memorandum that is given to the Secretary.

In addition, meetings will be scheduled for each of you (or your representatives) to meet with the OS planning team, so that issues raised in the program memorandum may be discussed in preparation for the meeting with the Secretary which will occur during the week of July 23.

WILLIAM A. MORRILL.

IV. OPTIONAL FUTURE COURSES FOR SOCIAL SERVICES/HUMAN DEVELOPMENT PROGRAMS

Moving from the discussion of the Federal role in social services/human development, this section of the paper will describe four general optional courses for the programs to take in addressing their goals and objectives. These options represent generally broad policy guidance positions, which can be somewhat combined in arriving at a best DHEW position. The four options are: Increased Federal presence, status quo with improvements, altering program delivery nature (elimination, cashing out, etc.), and decreased Federal presence and increased sub-Federal centralization.

While there are many other possible options, these four have been selected since they represent distinct positions along the continuum of from little to substantial Federal presence and the option of completely changing the nature of the program. A decision to pursue one of these courses for a specific program will give sufficient policy guidance for the formulation of more specific program options for decision.

A. INCREASED FEDERAL PRESENCE

The option of increasing the Federal presence in the social services/human development area should involve most of the following specific program features: Programs will remain rigidly categorized so that Federal interest can be focused upon specific services and clients, most services will be mandatory for a State to provide, States will be measured with regard to their contribution to reaching of Federal goals and their effectiveness relative to other States, capacity building would be deemphasized in favor of direct Federal support for specific services provision in order to increase Federal leaverage, Federal approval of

State plans would be maintained, and sanctions would be brought against noncomplying States.

Such steps, aimed at increasing the Federal presence, increase the specificity of the Federal goals and increase the leverage utilized by the Federal government to direct State programs. The rationale behind such a Federal presence increase is that the current form of State service delivery is unacceptable to the Federal government. The Federal increase is therefore based not only upon increasing efficiency and effectiveness (which will never be at a totally satisfactory level), but also upon completely converting the form and focus of service delivery to a situation which is acceptabel to DHEW. The question in moving toward an increased Federal presence (based upon the criteria laid out earlier in the paper) is not "what is the best way to deliver a social program," but rather "how much Federal involvement is enough" in order for a State program to be acceptable to DHEW in addressing a Federal goal. Put in this way, the burden of proof is on DHEW to show that the current non-Federal effort is not enough and that an increased Federal presence is necessary.

Examples of the implications of this model for various programs are as follows:

1. Social services

Most services mandatory, few or no State options; increased Federal direction not only in the type of service, but also its form, e.g. less foster care for child welfare clients; strong enforcement of regulations and increased Federal monitoring of State programs; heavy reliance upon and review of State program plans; and expanded program budget for services with low leverage in the non-Federal sector, e.g. child welfare services.

2. Vocational rehabilitation

Specific directions to take and goals for State agencies regarding types of clients and services; use of sanctions on noncomplying States; expanded use of discretionary funds to induce specific program changes.

3. Aging

Set up systems for delivering a broad range of services to the aged; reduce capacity building effort in favor of service delivery.

4. Developmental disabilities

Expanded program budget to achieve leverage over the non-Federal sector; increased funding and direction of a broad range of institutional and noninstitutional services.

5. Youth Services

Expanded program budget to serve more youth and achieve more leverage; increased Federal direction of community projects.

B. STATUS QUO WITH IMPROVEMENTS

The second broad option is to continue the programs in their current vein with the same Federal focus and tone, but with various management improvements. Most of the bureau proposals (tabbed) fall somewhere between this option and the first one. Some of the essential implications of selecting this option are:

The Federal role is primarily funds transfer within specific categories with a moderate amount of Federal guidance as to the eligible clients and legitimate projects or services:

Evaluation and auditing of the States' usages of the funds;

Capacity building projects are oriented toward improving management and planning capacity within the States and to develop improved service delivery systems.

Federal goals are more operationally defined so that program performance can be more effectively measured and evaluated.

C. ALTERATION OF PROGRAM DELIVERY NATURE

The third alternative suggests some substantial changes be made in the basic nature of the program service delivery. Under this option, mechanisms such as cashing out, insurance, program elimination, etc., are considered as alternatives to direct service delivery. Such alternatives will be examined with regard to specific programs.

1. Vocational rehabilitation

As noted earlier in this paper, a functional analysis of the Vocational Rehabilitation program reveals a cash assistance component, a health services component, a larger counseling component, and a vocational training component.

The cash assistance component of the program could appropriately be completely eliminated because the program should not be intended to displace or supplement the cash assistance of the social insurance programs or public assistance. In fact, it seems very inappropriate that the VR program provides cash assistance at all in view of these other programs; if persons are eligible for welfare payments they should receive them from the welfare system, if they are not eligible for welfare, they should not receive cash assistance.

The health services component of VR could be subsumed by comprehensive health insurance in the longer run and by an expansion of the Medicaid program in the shorter run (paper discussing this issue appended at end).

The vocational training component of VR could be subsumed by the Federal guaranteed grant and loan program for post-secondary education. Such a move is especially appropriate since it appears that Federally subsidized vocational training programs tend to become institutionalized and unresponsive to changes in the labor market. Grants and loans on the other hand avoid this institutionalization and might be expected to be a more responsive form of service delivery.

This leaves the counseling function as the only one not eliminated or "cashed out." The counseling function could be funded under a very small VR appropriation or it could be eliminated and subsumed by the counseling and referral function of the social services program.

2. Youth development program

Currently the youth program is very small, funded at $10 million. Social services are delivered to youth, LEAA has large programs concerned with apprehending youth offenders and rehabilitating them, DoL has youth training and employment programs and is now trying to drum up policy interest in the transition from school to work. OE is concerned with career education and the adjustment of youth to the world of work in addition to providing support for general elementary and secondary education, and each of these programs is substantially larger than the youth development and delinquency prevention effort and each certainly contributes substantially to the same goal. All of this suggests these possible options for the youth program: Eliminate it or fold it into social services; continue it as is as a buffer against Congressional action in this area; make it the central focus for a "youth strategy."

In addressing the last option, it has been observed that in the areas of education and manpower, concern has been increasingly raised as to the impact of current institutional structure upon the development and social adjustment of youth and their utilization for or movement into productive social roles.

The current institutional structure of elementary and secondary schools has been called "90% day care, 5% social adjustment, 3% education, 2% other." The Labor Department is becoming increasingly concerned about the unemployment rate among youth and the difficulty for many youth to move from school to work.

While both of these cases are generally overstated, they are the shadows of some very real problems in the current institutional way in which youth development is addressed: The labor market is unable to absorb in productive jobs the youth who want to work; and, more importantly, our current youth development institutions have not discovered productive social roles for youth from the years 5 to 25, and thus, the day care and often anesthetic school system.

Since interest appears to be developing within several departments over these issues, and since the solution to these issues should be the core of a youth development strategy and should go a long way toward delinquency prevention, a youth strategy could be developed by DHEW, which attempted to both coordinate the activities of the broad spectrum of actors in this area, and which began to come to grips with the forms of institutional change that would be necessary to define more productive social roles for youth from 5 to 25 years old.

D. DECATEGORIZATION AND SUB-FEDERAL CENTRALIZATION

The fourth general option for a future direction for social services/human development programs is to provide the services funds to the States with only broad guidelines as to the purposes for which the funds can be spent, and to

maintain a flexible fund of Federal capacity building funds to be directed to DHEW.

Under this option the VR and social services funds would be consolidated and turned over to the Governors for service delivery. Earmarks would be placed on the funds for services for the aged, family services, and services for the handicapped (physical and mental). In addition, a second earmark would be placed upon the services that 90% of the funds must be spent on families or individuals whose incomes fall below the State cash assistance break-even level and that a fee schedule be applied to individuals whose incomes rose above this level. These funds would be 100% Federal funds without a maintenance of effort provision. Any current direct services funding for the aged, youth, or the developmentally disabled by other programs would be crtailed.

The capacity building funds of AoA, DD, YDDPA, OCD, VR, and CSA would be consolidated into a flexible, federally directed program of demonstrations, capabilities building, market development, and other forms of capacities building.

This option represents a substantial reduction of the Federal presence in the social services/human development program. It supports a policy of broadly defined services program and capacity building as representing the "sufficient" Federal role for addressing Federal concerns. It defines the Federal role as providing resources and assistance, but allowing the States to implement and deliver services as they see fit.

This option can be pursued in a variety of ways. One method is through legislation such as social services revenue sharing or the Allied Services Act. Current estimates are that it will take some time for this type of legislation to be approved by Congress.

An alternative is to administratively implement this option under current legislation. This can be accomplished through a variety of mechanisms.

First, current legislation, specifically the Intergovernmental Cooperation Act, provides the necessary authority for waiving single State Agency requirements and redirecting program funds into the hands of the Governor. Thus, with an appropriate set of waivers and some new program regulations, Governors could begin to plan for and coordinate program expenditures across most service program areas. The only point of divergence between this situation and one achievable through new legislation is that most new legislative proposals would allow the Governors authority to shift specified proportions of program funds from one program to another. Such authority may not be necessary however, since there is every indication that State funds are fungible enough to be shifted among program areas and allow the Governor broad discretion to make trade-offs.

Next, with regard to funneling technical assistance and capacity building money into the Governors' hands, the curent programmatic legislation provides sufficient flexibility in two ways. First, when Intergovernmental Cooperation Act waivers are used to move program funds into Governors' offices, planning and management formula grant funds can also be moved to the Governor's office. These planning funds can add up to a considerable total. For example, in SRS planning funds, the bulk of which are formula monies, amount to about $160 million, a somewhat larger figure than is found in most proposed legislation. Complementing this formula grant money is a substantial amount of Federal discretionary program and planning money which is currently spent by Federal agencies on specific projects or transferred to State agencies for specified purposes. If attached during the planning process, these funds could be channeled into Governors' offices as additional capacity buildin[illegible]ssistance or as incentives. As with the formula planning funds, there is a si[illegible]e amount of money in this category ($60 million in VR alone).

The final element of a non-legislative strategy is the Federal role in monitoring, research and policy analysis, etc. Current authorities provide sufficient funds and flexibility for carrying out these activities, as they would relate to sub-Federal centralization situations.

It is instructive to note that DoL, finding that Manpower Revenue Sharing would pass in the Congress, instituted administratively revenue sharing last year in a few cities under the form of "Comprehensive Manpower Pilots." This year's plans call for extending these projects to nearly all cities by FY 1975 under the form of "Manpower Revenue Sharing Projects."

Such an approach for DoL and DHEW has the advantages that it can be initiated without new legislation, it involves no more administrative problems

than implementing new legislation would, and it starts with a few sites and obtains experience useful for more effective implementation in later sites.

Such an approach, however, should not be regarded as a substitute for legislation or a retreat from pushing new legislative initiatives. In order for such pilot projects to have some integrity, they should be accompanied by legislative proposals on the Hill. Otherwise they would appear to be a high handed move by the Administration. Further, it could be argued that developing and building a group of pilot projects may serve to lessen somewhat the natural resistance in Congress toward passing consolidated legislation.

Specifically, for current programs this would imply:

Intergovernmental Cooperation Act waivers of the single State agency requirement for social services and VR so that full responsibility for the programs would be given to Governors;

1115 waivers of social services regulations, to be replaced by earmarks for the aged, youth, and the handicapped, and an overall (90%) earmark for the poor;

Nonspending of AoA, DD, and OCD services funds;

Consolidation of AoA, VR, CSA, DD, DDPA, and OCD research, demonstration, and capacity building funds into a flexible capacity building fund;

Consolidation of VR expansion grant funds into the capacity building fund. The capacity building funds could be spent directly by DHEW, or turned over, in part, to Governors.

V. SOCIAL SERVICES/HUMAN DEVELOPMENT FORWARD PLAN

The criteria developed in section III above indicate that the Federal role should be determined as that which is the minimum necessary to assist the non-Federal sector, that it should allow for as decentralized a level of decision-making as possible, and that it be responsive to the following principles:

Direct cash assistance to individuals for certain services (primarily education and health) is preferable to direct service provision since it more efficiently responds to the needs of the individual and the condition of the market;

Sub-Federal centralization (with broad Federal guidelines) is preferable to categorization of service functions since it allows for broad trade-offs to be made at the State level (rather than Federal level) to efficiently tailor programs to the needs within the State.

A. Normative Model Forward Plan

Applying the criteria to the models developed above, the best forward planning model appears to be the following:

1. Service delivery

A Federal program for providing funds to States to deliver protective, preventive, and rehabilitation supportive services to the poor appears to be warranted based upon the following application of the criteria: A Federal goal is to provide protective services to some of the poor (children, aged) and to assist the poor into becoming self-supporting; it is not clear that the States support such a goal or would be willing to finance it in the absence of Federal funds.

Ideally, such a program would be a completely decategorized program aimed at the poor (based upon family income), and would exclude health and educational services which would be handled by insurance and grants. Such funds would be provided to Governors who in turn could tailor them to the needs of the particular State. However, it may be necessary for political reasons to earmark certain percentages of the funds for specific groups among the poor, i.e. aged, children, families, handicapped.

2. Cash assistance

The delivery of health services should be handled exclusively through national health insurance. The arguments for such a strategy for handling health services have been discussed in the paper appended to the program analysis. Basically these are: To achieve interprogram equity so that the sole criteria for service is income; to achieve a thorough distribution of services to those in need; to achieve the efficient distribution of health services through client selection.

The delivery of all vocational training or post-secondary education should be financed through a Federal guaranteed grant and loan program similar to the BOGS program. Such a cash assistance approach to education is recommended for similar reasons to those in health, they are: To achieve interprogram equity

so that the sole criteria for service is income; to achieve efficient distribution of educational services through consumer selection; to allow for more flexible response to the labor market than can be achieved through institutional training.

3. Capacity building

The criteria for appropriate areas of Federal assistance for capacity building indicate that where resources are available in sufficient quantity to meet client needs, but necessary service options are not available or are poorly organized, then a capacity building program is appropriate. Those criteria appear to fit these program areas:

In the area of programs for the aged resources are available from a wide variety of public and private sources. The Federal resources include public assistance, social insurance, and SSI. The major problem in this area is to develop the capacity of communities to channel resources into useful service and project options for the aged. The Federal role should be to assist in the development of these options.

In the area of youth, a wide variety of programs (OE, DoL, LEAA) focus upon the development and the problems of youth in narrow categorical ways. The needed Federal role in this area is to examine and test optional forms of institution reform or interprogram cooperation so resources focussed upon youth are used in the most productive fashion possible.

In the area of children, the issues of the most effective options in child development for disadvantaged children need to be developed through a Federal capacity building effort.

B. Recommended Forward Plan

The conversion of current programs directly and quickly into cashed out assistance, capacity building, and subfederally centralized service delivery, however, is impeded by several problems:

Comprehensive health insurance legislation is not likely to be enacted in the near term;

The guaranteed grant and loan programs have not expanded at a rapid enough rate subsume manpower and vocational rehabilitation training programs;

It is unlikely that the Allied Services Act or a form of social services revenue sharing would pass Congress in the near term.

Because of these problems the social services/human development plan is divided into two parts:

A marginal strategy which outlines proposed special projects demonstrating cash assistance and sub-Federal centralization concepts on Statewide basis;

A mainline strategy outlining the short term plan for remainder of social services/human development programs.

1. MARGINAL STRATEGY

In order to demonstrate the cash assistance and subFederal centralization concepts in several States, to soften Congressional and bureaucratic resistance to the concepts, and to implement full scale operational programs in selected States, the marginal strategy proposes carefully planned demonstration-implementation projects termed "Forward State Projects." The strategy is termed "marginal," since it is to occur in only a few, selected Forward States and will involve only a small amount (not more than 10%), of the social service/human development programs budget. This discussion will propose and briefly outline such projects in order to obtain general approval; it is assured that several more months of research and planning will be requested before the projects are sufficiently fleshed out so that they can be implemented and evaluated.

Basically there are propsed two versions of the Forward State Projects, each of which draws from options C and D of the alternative future models.

Model 1. Sub-Federal centralization

This model was explored in detail under option D of the alternative future models. As a Forward State Project it would involve the selection of suitable States and the granting of waivers to single State agency requirements and other regulations so that categorical agency programs can be consolidated under the Governor. Further it requires the attachment during the planning process of portions of discretionary progam funds and capacity building funds to be used either by the Governor (of the Forward States) or by DHEW to support the

demonstrations. If this demonstration is approved, an implementation plan will be drawn up which specifies potential Forward States and incorporates a model DHEW-Forward State contract of agreement.

Model 2. "Cashing out" health and training services

The second model involves the provision of cash to individuals in the form of insurance reimbursements, vouchers, or grants and loans for the training and health sevices now provided directly by the manpower programs and the vocational rehabilitation program.

Under such a model, waivers to the program regulations would be granted, if necessary, so that direct cash payments (in a variety of forms) would be given to the individual to purchase service, in place of direct service delivery or purchase of service by the program.

In the case of health services in the vocational rehabilitation program, in addition, a demonstration project would simulate the use of Medicaid funds to cover health costs by allowing VR funds to be used to reimburse the costs of health services selected by the individual recipient.

As with previous models, similar implementation steps would be taken here if this model is approved.

In concluding this discussion of the marginal social services/human development strategy a point should be made about the current DoL Manpower Administration effort to implement administratively on a national scale, Manpower Revenue Sharing. By turning over current manpower (MDTA) funds to local chief executives so that they can fund traditional manpower services, the option is all but foreclosed for several years moving away from traditional services (training, placement, etc.), which do not appear to work, toward a guaranteed job program or a "crashed out" grant and loan strategy. Consequently, it is recommended that, if model 2 is approved, the Secretary intervene to cool down the current manpower revenue sharing implementation strategy.

2. MAINLINE STRATEGY

The mainline strategy addresses the issues of what should be the plan for the program effort falling outside of the marginal strategy; the remaining 90% of the program budget.

As noted in the introduction to this section, the thrust of this plan is to move social services/human development programs toward cash assistance and sub-Federal centralization. The marginal strategy implements and demonstrates in the short term models of these concepts in Forward States.

The mainline strategy will make any program changes or improvements which will move the remainder of the program effort in this direction. Specifically, the program, the mainline strategy is as follows:

Social Services (Titles IVa and b and VI)

The thrust of the near term social services effort in moving toward cash assistance and sub-Federal centralization should be two-fold:

(*a*) Give the appearance of strong DHEW intent to strictly enforce the new regulations, both to control State expenditures and to lend some legitimacy to the Federal goals for this program:

(*b*) To the extent possible allow the State maximum flexibility to develop social service programs compatible with their needs and resources and with any future move toward revenue sharing our sub-Federal centralization, i.e. to the extent possible reduce unnecessary bureaucratic inflexibility and requirements.

Specifically, DHEW rhetoric should reinforce strict observance by the States, but SRS management efforts should be focused upon reducing unnecessary restrictions, reporting requirements, data collection, etc., by the States.

In addition, capacity building efforts should be focused upon developing more effective methods for service delivery, given a State-selected services package, but not upon policing the effectiveness of State service methods. For example, in Title IVb programs R&D should demonstrate the effectiveness of alternatives to foster care, but should not attempt to coerce the States into accepting federally developed methods.

Vocational Rehabilitation

The marginal strategy addresses the development of methods for converting VR services into cash assistance. The mainline strategy should take a more short term view of making alterations in the program to move it toward the sub-Fed-

eral centralization models described in model 1 of the alternative future models. The three such alternatives are as follows:

(*a*) *Counselor incentives:* In order to change the current counselor incentive system (discussed earlier) which causes the VR program to serve many persons with minor disabilities and to place many clients into non-competitive employment, a system needs to be developed and installed which rates counselors on the basis of the net social benefit of rehabilitatives; i.e. the degree to which clients achieve a maximum degree of change (which they would not achieve without the program) at minimum cost, in the same way that a private enterprise is judged not by the volume of its production but rather by its profit margin.

(*b*) *Low-income clients:* The second change necessary for the VR program in moving it toward the sub-Federal centralization model is that the recipients should be poor; i.e. incomes below the State cash assistance breakeven points. It is reasonably clear that, when the limited resources of a program like VR are allocated among potential clients, it is preferable to service those with no resources of their own, rather than those who are in a better position to bear the cost of service.

(*c*) *Physical and mental disabilities:* The third change necessary for the VR program is to lay out selection criteria to assure that clients have legitimate physical and mental disabilities, rather than minor physical and mental problems or "social" handicaps.

(*d*) *Self-support outcome:* The next change is that self-supportive employment be the exclusive rehabilitation goal, rather than subsidized or non-wage employment.

(*e*) *Health services:* Health services should be financed through Medicaid, when possible, in order to begin to move toward the total financing of health services through health insurance.

(*f*) *Fee schedule:* In order to remove the notch, and the resultant work disincentive, of cutting off service eligibility as family incomes rise above the breakeven point, a fee schedule (or a declining subsidy schedule preferably) should be instituted starting at the breakeven point.

Developmental Disabilities, Aging, and Youth Development

The primary concern for these programs is that the concept of "capacity building" be well defined and criteria be developed to judge projects so that the programs do not become institutionalized service providers. Since the essence of "capacity building" is to develop through demonstrations and technical assistance the ability of non-Federal sectors (public and private) to effectively provide services, DHEW should be assured either through State plan requirements or through careful monitoring that these programs do not become primary service providers or "gap fillers." The very natue of "capacity building" implies that if the programs are successful there should be a relatively quick down turn in Federal budget requests as other sectors begin to acquire the ability to independently deliver service. Such a down turn in budget requests should be an objective and a measure of success of the AoA Area Agencies, for example, and current implementation procedures should be oriented toward achieving this goal.

Alternative Options for Providing Medical Services Through the Vocational Rehabilitation Program

I. PURPOSE

This paper reviews the health services component of the Vocational Rehabilitation Program and suggests options for improving VR's provisions for financing health services. In particular, it addresses these questions:

(1) Should health services be provided as a component of the VR program?

(2) If so, what should be the provisions for financing these services?

(3) What is the relationship of VR health financing provisions, the current Medicaid program, and a future national health insurance program?

II. BACKGROUND

There are two major approaches to government involvement in the financing of health services—insurance programs and grant supported services. The major Federal role in financing health services is its underwriting of two insurance plans—Medicaid and Medicare. Federal expenditures for these two programs in FY 74 will be $1.74 billion and, in addition, $4.2 billion of State and

local government funds will be spent for Medicaid. These programs represent by far the major financial commitment of the Federal Government to health services delivery as well as the great majority of those persons who receive benefits from governmentally supported health services.

In addition to these two major programs the Federal Government provides grants to State and local governments and private organizations to provide both comprehensive and specialized health services. Most of these grants are awarded through HSMHA programs—about $900 million for family planning, comprehensive and neighborhood health centers, and Indian health services in FY 74. A lesser amount of Federal grant support goes for health services as a component of social services programs—the Vocational Rehabilitation Program, the C.S.A. Social Services Program, Head Start, and the WIN Program. The approximate Federal funds spent for health services in these grant programs is shown in the table below:

TABLE 1.—*Funds for health services in fiscal year 1974*

Program:	*Millions*
Vocational rehabilitation	$143
Social services	[1] 25
Head Start	32.1
WIN	Unknown

[1] Family planning only.

Social Service funds can be spent for family planning as well as physical examinations for children in day care centers if Medicaid will not provide reimbursement. Head Start funds go for full- or part-time health staff at Head Start projects, for physical examinations and for follow-up services if Medicaid will not provide reimbursement. WIN funds can be spent for family planning for "health related medical services" (usually physical examinations to determine exemption for enrolling) and for "employment related services."

By far the largest share of the funds in the human development social services programs spent for health services is in the Vocational Rehabilitation Program. VR spends 8.6 percent of its budget on "diagnostic and evaluative services" and 12.6 percent on "mental and physical restorative services." Diagnostic services are provided in order to determine eligibility and in order to serve as a basis for a plan of rehabilitation. Restorative services are therapeutic in nature and are distributed in the following way:

Service	Fiscal year 1972 cost	Percent of total restorative costs	Cost per client receiving service
Surgery and treatment	$31,100,000	35.4	$244
Prosthetic and orthodontic appliances	18,100,000	20.6	199
Hospital and convalescent care	35,500,000	40.4	574
Other	3,200,000	3.6	236

As of the 1965 amendments to the Vocational Rehabilitation Act, there are no Federal requirements that there be income limitations for those families for whom VR can purchase medical services. At least nine States in 1971 specifically stated that there were no income limits; other States had limits but they tended to be significantly higher than those for eligibility for cash assistance of Medicaid in each State.

States are encouraged to utilize the Medicaid program to finance medical services for VR clients, though there is no Federal requirement to that effect. Apparently, VR counselors do not use Medicaid extensively. According to information R.S.A. has collected from the State agencies, about 80% of public assistance clients who receive restorative services have those services paid for totally by the VR program, MSA has estimated that Medicaid will furnish $10 million in health services to VR clients in FY 74 compared with $110 million for restorative services spent by VR itself.

There are a number of reasons for the limited use of Medicaid. First, only about 17% of VR clients are public assistance recipients. Second, Medicaid benefits often have arbitrary limitations on covered services and exclude particular services (e.g., certain prosthetic devices) which are often needed by VR clients. Third, States have an incentive to use VR funds to pay for health services because the Federal matching rate for the VR program, 80%, is significantly higher (except for a few States) than that for Medicaid. Finally, VR counselors have

traditionally seen their program as distinct from Medicaid and "welfare" programs generally and are not motivated to rely on services furnished by their State's welfare departments.

III. DEFICIENCIES IN VR HEALTH FINANCING PROVISIONS

There are two types of shortcomings in VRs current provisions for financing health provisions. First, the VR system reflects the general disadvantages inherent in financing health services through grants rather than through insurance. Second, the VR program creates inequities between those who qualify for VR and those of equal incomes who do not.

A. Advantages of insurance financing

Insurance programs have two major advantages over programs which provide grants for health services.

1. Beneficiaries of insurance programs are eligible to receive services from whatever accredited provided they choose. In addition, the types of medical services for which the insurance programs will provide reimbursement is usually left to the decision of the patient and his physician. This freedom maximizes consumer choice and creates incentives for health providers to be responsive to consumer desires in order to successfully compete for their purchasing power. Consequently, consumer satisfaction is increased and medical resources are used more efficiently. Persons who receive grant supported services, however, are often constrained in their choice of providers and, in addition, in the services that will be paid for by the program.

VR clients are not free to receive reimbursement for services furnished by whatever accredited providers they choose, nor are they eligible to receive reimbursement for whatever medical services an accredited provider believes they should have. Rather, VR counselors make decisions about alloting health funds spent by the agency. These limitations on consumer choice reduce the responsiveness of the "rehabilitation component" of the health delivery system to consumer preferences. They put counselors in the position of making decisions normally reserved for patients and their physicians alone. RSA argues that it is important for counselors to control medical expenditures for clients so that there is a rational and coordinated plan for rehabilitation. In addition, RSA believes that counselors are often more aware of the possibilities for rehabilitation than physicians and the decision of which services purchase should not be left up to the patient and his physician. On the other hand, it seems reasonable that a client could benefit from the advice of his counselor and retain the freedom to make his own medical service consumption decisions.

2. A second advantage of insurance financing is that eligibility for insurance programs is automatically provided to large groups in the population which are defined as "target groups" in Federal policy decisions while health services financed by grants are inevitably provided to more limited groups in the population—for example those who happen to live in geographical areas served by projects which receive grant support, those who have more information about the existence of a program, and so on. In 1968 about 45% of persons over 65 received some benefits from the Medicare program. In 1971 about 50% of those persons under the low income level received medical benefits from the Medicaid program. In contrast, for example, participation in the VR program is limited to a small fraction of persons in the United States with a work disability. According to VR caseload statistics for 1972, about 10% of persons with a work disability received VR services in that year and about half of those persons received restorative medical services through the program.

The VR budget could conceivably be expanded to serve all those handicapped persons who could benefit from its services, but such an expansion is unlikely as well as inappropriate. With current VR funding levels, it is preferable for health benefits to be allocated on the basis of income rather than such factors as geography or perhaps even VR counselor decisions about eligibility. Cash assistance or "reimbursement for services rendered" mechanism is the most appropriate way for benefits to be concentrated in a particular target population and distrbuted equally among that population.

B. Inequity between VR clients and other groups in the population

The second major deficiency in the financing of health services in the VR program is the inequity between VR clients and other groups in the population. Because client's family income limits for eligibility for VR subsidies for health services are significantly higher in most States than those for Medicaid eligibility

(or absent altogether), there is an inequity between those who qualify for VR and those of equal incomes who do not. Because the most severely disabled can not qualify for VR, there is particularly unreasonable inequity between those handicapped who can qualify for VR and those who are more handicapped with equal or somewhat lower incomes but who can not qualify. Finally, because VR directs part of its constrained budget to higher income clients, some low income persons, who could qualify under current VR guidelines, are not served.

IV. POLICY OPTIONS

There are a number of possible options to consider in correcting the deficiencies discussed above.

A. *The Federal Government can require that there be income limits for those clients who are eligible for VR-subsidized health services.* These requirements would introduce the following modifications in the present program:

1. The States would be required to place income limitations on eligibility for subsidies for restorative services which are approximately equal to those for Medicaid eligibility in each State.

2. The States would be required to introduce a sliding scale of cost sharing by VR clients in the cost of services in order to minimize a "notch" effect which creates a disincentive to increase income.

These modifications would reduce the inequity between those who qualify for VR and those of equal incomes who do not. The reduction in VR funds spent for health services would be small and would be borne by persons with incomes over the Medicaid eligibility levels. About 15–20% of clients fall above these levels but below maximum income limits most States set now. A requirement for such income ceilings, consequently, would reduce by approximately 15% the Federal funds spent by VR for restorative services—about $17 million in FY 74. More importantly, it would reduce the inequity in health financing programs, eliminate a transfer of income to those at higher income levels, and increase VR funds available for low-income clients.

B. *A second option is to eliminate all Federal VR matching funds for restorative services and to rely on Medicaid as the financing vehicle for health services for low income persons.* This option has the advantage of achieving equity between those who qualify for VR and those of equal incomes who do not. It potentially has the effect of relying on insurance rather than grant mechanism to finance health services for VR clients. This policy would reduce Federal expenditures by $88 million in FY 74 for the VR program and would result in an add-on of $10 million to $25 million to the Medicaid program, producing a net Federal savings of $63 million to $78 million. This option has these drawbacks, however:

1. There are significant gaps in Medicaid coverage for certain services which are important to large numbers of VR clients. In particular, psychological services for the mentally ill and retarded, who make up about 28% of VR clients, certain prosethetic devices, and outpatient rehabilitation therapy services have limited coverage in many States. Part of the cost of this option, therefore, would fall on low income VR clients. A variation of this option, which would reduce the significance of this problem, is to require that Medicaid be utilized as much as possible and to allow VR to supplement Medicaid eligibles with services not covered in the Medicaid program.

2. There are a number of deficiencies inherent in the Medicaid program itself. For example, there is a significant "notch" effect created by the loss of eligibility for all Medicaid benefits when cash payments are no longer provided in those States which provide Medicaid services to the categorically needy only. Because of the low Medicaid payments to providers and the Administrative burden many physicians do not participate in the program and Medicaid eligible families may not have access to participating providers. Finally, because Medicaid is tied to the categorical welfare program, it has the deficiencies associated with the provisions of that program—exclusion of the working poor and poor families with no children, very low income eligibility limits in some States, and the inevitable stigma which the welfare program has inherited.

C. In general, it would be preferable for low income handicapped persons to be assured of a coverage by a comprehensive health insurance program with limited cost sharing. *A third option, therefore, is to defer modification of VR health financing provisions until a more rational, national health insurance program is enacted.* Any NHI plan which is adopted will presumably correct the deficiencies in the Medicaid program.

Most of the expenditures for restorative services, 70–80%, are for services which would be covered under any national health insurance plan. There probably will

be some services which VR now defines as "physical and mental restoration" which will not be covered under national health insurance—for example, eyeglasses, convalescent care which has a very small component of skilled health services, and some types of mental health care. These services are not typically good candidates for insurance programs because of their routine nature, the difficulty of determining "medical need," and the availability of much less expensive substitutes which do not require professional medical advice or provision. Nevertheless, it may still be reasonable to eliminate the VR component of restorative services when a national health insurance plan is enacted and to require VR clients to purchase these uninsurable services with monthly cash income.

D. A fourth option is to consider an overall restructuring of the VR program, including its provision of other services in addition to health services, and to conduct an experiment to evaluate the potential of new methods to serve handicapped persons. In particular, such an experiment could test the effectiveness of a VR program with the following components:

1. All persons with a physical or mental disability would be eligible. No distribution would be made between the handicapped who are "rehabilitable" and those who are not.

2. The only service provided by the VR program would be counseling services, including the designing of a rehabilitation plan if appropriate. The VR counselors, however, would not have funds with which to provide the services they can now furnish VR clients—health services, education and vocational training, income maintenance payments, and so on. Instead, disabled persons would rely on other public and private programs on the same basis as others in the population with equal incomes. In particular, low income clients would have to rely on the current cash assistance programs, Medicaid, Federal, State, and local subsidies for education, etc.

3. There would be a reduced emphasis on "closing out" a participant in the VR program when the counselor feels he is rehabilitated or not a good candidate for future services. Instead, VR counselors would serve to give advice to any disabled persons who requested it about rehabilitation generally, about other services available in the community, and about employment prospects.

In order to compare such an approach with the current VR program, comparable VR districts with comparable client populations would be chosen. (In the experimental districts all disabled persons who wished could be served but a VR-eligible handicapped population would be used for comparative purposes.) Eligible clients in the experimental programs could be provided with a comprehensive health insurance plan with benefit packages that are comparable to current NHI proposals.

In order ot evaluate the results of the experiments, a follow-up study would be done of the participants in the experimental programs and in the VR programs which serve as controls. The success of the two sets of clients in finding employment, in achieving higher income levels, and so on, would be compared over, say, a three-year period. If the results showed a significant savings in Federal funds but with an insignificant difference in the outcome for program participants, there would be a reliable empirical basis for modifying the existing program.

Social Services/Human Development—Program Analysis

I. Social services (titles IVa and VI of the social security act), alternative federal goals

(*i*) P proposes: To provide Federal support for the maintenance of a minimum level program of preventive, protective, and rehabilitation supportive services to eligible clients. This goal implies three subgoals of State social services programs: To prevent persons who are not currently public assistance recipients from becoming recipients; to protect persons subject to abuse because of age, or physical or mental incapacity; to provide supportive services to persons leaving or attempting to leave welfare.

(*ii*) SRS proposes: To decrease the proportion of AFDC families who are unable to provide adequate care of their children; to decrease the proportion of AFDC children age fifteen or over who have not prepared for their adult careers; to decrease the proportion of non-WIN AFDC mothers who are unable to work full or part-time; to decrease the proportion of elderly who are in long term care institutions; to decrease the proportion of blind and disabled who are unable to work full or part-time; to decrease the proportion of blind and disabled who are unable to work or otherwise attain self-sufficiency.

Discussion

The mandatory and optional social services under the new regulations sort out among the three subgoals of goal (i) as follows:

Program goal	Preventive	Protective	Rehabilitation
Family services	Family planning services to "potentials"; housing improvement.	Foster care for children; protective services; homemaker services; health related.	Day care for children; educational services; employment services; transportation; functional education.
Adult services	Family planning; housing improvement.	Chore services; day care for adults; foster care for adults; health related; meals; homemaker; protective services; services for blind.	Educational services; employment services; functional education; transportation services.

Exactly how the $1.8 billion FY 1974 social services budget breaks down among these services is not known, as the States do not provide adequate data for such estimates. A major component is day care for children, however, which accounted for approximately 20% of the social service expenditures in FY 72.

Furthermore, for FY 74 it is projected that State expenditures from Titles IVa and VI will be allocated as follows:

Total	$2,000,000,000	$1,750,000,000
Title IV–a	1,580,000,000	1,340,000,000
Title VI	420,000,000	410,000,000

As noted above Federal goal (i) is to *provide Federal* support to States for a program of preventive, protective, and rehabilitation supportive services for eligible individuals. As such, the minimum Federal role breaks down into the following broad components: To provide funds for the program to the States; to set a boundary around the services and the eligible clients; and to determine if the States are spending the funds for the services specified.

Since the Federal government is completely dependent upon the States for executing the program, it is of critical importance that the States share the Federal objectives of prevention, protection, and rehabilitation (even when the Federal government defines the allowable services). Very little, at this point, can be said on this issue since the States previously attempted to finance anything and everything with open ended social services funds. Such a situation precludes the need for careful planning and priortizing. Now that the end is closed and the services are more carefully constrained, a serious evaluation can be made of the States' intentions in the social services area. This suggests that the measurable Federal objective, for evaluation, is the extent to which social services funds are used by States to provide services directly related to the goals of prevention, protection, and rehabilitation.

In sum, then, goal (i) prescribes a minimum level Federal effort in which the funds and a very flexible program structure are offered to the States so that the States can select program elements suitable to their needs. The Federal role is basically passive in this context, and involves check writing and monitoring State activities.

An alternative to such a passive Federal role is found in alternative goal (ii). This option details some specific client group outcomes as the Federal goal. Such a goal (or set of goals) implies two things: 1) that DHEW wants to lay out specific goals for States; and 2) that DHEW can exercise leverage to achieve its goal.

The first point is an issue for Secretarial decision. The basic question is "how much is enough?" Is it enough to provide the means, with broad boundaries and directions, and allow States to tailor their own programs and goals to their needs, or is it necessary to define more detailed goals? As indicated under the discussion of goal (i), the criteria for determining the Federal role are not useful here since these criteria rely upon an assessment of Federal and State goals and their "congruence." State goals are not clear and cannot be determined empirically since previous to the closing the end of the Social Services budget, States did not have to state goals and plan for them since they did not face a budget constraint. Now that the end is closed and there is a budget constraint,

the States need to plan and set priorities, and primary State goals should become more evident.

The second issue, Federal leverage over the States, is addressed in part in the SRS forward plan. The plan indicates that the mechanisms that can be used to influence the States to accept the Federal goals and to provide the specific services implied are the following: Identification of target populations; setting of goals; provision of standards and program guides; developing models; research, demonstration, evaluation, and monitoring.

These types of levers have been used by other programs to induce States to meet specific goals, but they have never been very successful unless the States were in accord with the goal. In short, the relatively specific set of goals proposed (ii) is not supported with sufficient leverage to assure its being carried out. The lack of sufficient leverage should call into question the meaningfulness of such a goal.

The choice between the two social services goal statements offers a clear choice between a reduction of the Federal role and an active Federal role utilizing available leverage over the States.

Both the weak nature of the available levers and the implied State flexibility in the latest social service regulations seem to indicate goal (i) as a preferable goal statement for social services. In fact, the new regulations reduce Federal leverage that can be exerted and make the achievement of specific Federal goals nearly impossible. In order to give maximum flexibility to States, the new regulations allow States to select the services that will be provided to clients from a list of optional services (three mandatory family services mandated in legislation are exceptions). DHEW has almost no leverage in determining which optional services the States select or the amount which the States spend for any particular service. In short, the new regulations all but preclude the viability of specific Federal goals since DHEW has little means for moving the State program toward the goals.

An issue lying between the two goal statements is the extent to which the Federal government should be concerned about the efficiency and effectiveness of the delivery of services within the States. Assuming a Federal-State agreement over the nature and extent of the social services program within a State, the issue is whether or not an appropriate Federal role is (for each service) to monitor, measure, and attempt to induce increased cost effectiveness of services delivery and the utilization of the more efficient methods of delivery. Or should the Federal role be simply one of check writing, and the responsibility for the cost effectiveness of service delivery be strictly a concern of the States. If it is a Federal concern, then DHEW should develop cost/client standards based upon averaged data from State programs, against which individual State systems can be measured. Further, the Federal role could also entail the development of model service delivery methods which are more cost effective than the current State methods.

A final issue area, is the extent to which DHEW should provide technical assistance in developing the States' capacities to plan, budget, and administer their programs. This issue is less sensitive than previous issues since it does not entail Federal intereference in the management of the State program, but rather implies a Federal consultant role which can be utilized at the option of the State.

(b) Child Welfare Services, Alternative Federal Goals:

(*i*) P proposes: to provide Federal funds to States to assure that a minimum level child welfare program exists in each State;

(*ii*) SRS proposes:

A decreased proportion of children placed in foster care.

A decreased proportion of children remaining in foster care for more than two years.

An increased proportion of children, especially "hard-to-place" children, returned to their families or adopted after having been in foster care for over two years.

An increased proportion of children living away from their own homes enabled to assume useful social roles in their adult years through the attainment of self-sufficiency.

An increased proportion of children enabled to avoid serious medical problems through early detection.

An increased proportion of families assisted in obtaining family planning services.

An increased proportion of teenage parents completing high school.

An increased proportion of in-home caretakers participating in programs for upgrading their child care skills.

A decreased proportion of families who come to the attention of the courts for repetitive incidences of child abuse.

Discussion

The discussion of these goals should consider both necessity and practicality. On the question of necessity, one must examine the current program: Currently the Federal share in this area is about $46 million, whereas the total amount of funds in this area (Federal, State, local) is estimated at $520 million. The Federal contribution to child welfare through IVb is about 9% of the total. While some other Federal funds contribute in a small part to the remainder, and while some States have minimal programs while most have strong ones, the fact remains that in general the non-Federal sector demonstrates a strong commitment to address this problem area. Given such a commitment one must question the appropriateness of DHEW intervention beyond simply assuring minimal programs in all States.

In terms of practicality, could DHEW expect to exert much leverage to achieve specific program goals [as in (ii)] when it provides only 9% of the funds in this area? Even if DHEW doubled or tripled its current effort (the need for which is not evident) it would still contribute only a small fraction of the total amount of funds and would not have sufficient leverage to manage specific goals of the form of (ii).

In sum then, the choice is between the very general goal of assuring a minimum level program in each State and the more specific goals of (ii). The issue is whether more specific goals are necessary, and if so, does DHEW have sufficient leverage to achieve the goals.

II. PROGRAMS FOR THE PHYSICALLY HANDICAPPED (VR)

Alternative Federal goals

(*i*) P and SRS propose: to provide Federal support to States for a program which, through the provision of vocational services, places physically handicapped persons into gainful employment which they would not have otherwise achieved.

(*ii*) RSA proposes: to rehabilitate a selected number of eligible clients.

(*iii*) In addition, a supplementary goal proposed by SRS is: to provide services to those severely disabled persons not expected to be able to enter the labor force which will permit them to function more effectively as individuals and which will reduce their dependency on society.

With regard to these goals, several policy issues arise:

Should VR services be limited to the physically and mentally disabled?

Should VR services be limited only to the poor?

Should VR focus exclusively on gainful employment as an outcome?

How can VR select clients for service who would not get a job without VR?

Should VR set specific goals for serving the severely disabled?

The following discussion will address each of these specific issues and will be prefaced by a general overview of the structure of the VR program in addressing its goals.

In reviewing the cost data in the VR program, the average DHEW investment is $2,137 for each rehabilitation achieved. In order to determine if this is a desirable investment of resources a review of the services purchased and the results achieved is necessary. The OMB special budget analysis of the FY 72 budget and the VR program data analysis of FY 72 expenditures break down expenditures in the VR program as follows:

PERCENT OF BUDGET

	OMB budget analysis	VR program data
Education and training	6	24
Health	18	21
Outreach, counseling, and placement	22	29
Other supportive services	31	3
Program administration	7	6
Cash assistance	15	8
Construction		5
Total	99	96

Clearly, from reviewing these figures, there is some confusion (at least in definition) as to what VR money goes for. Upon examining the VR budget more carefully, the 24% spent on education and training breaks down as follows:

Type	Amount	Percent of total
College or university	$57,303,385	33.6
Business school or college	11,015,384	6.5
Elementary and secondary	7,238,302	4.2
Vocational school	33,221,439	19.5
On the job	7,045,792	4.1
Vocational adjustment	45,558,803	26.7
Other	9,232,227	5.4

In reviewing these program figures, several important issues arise. In the area of training, should VR spend about 10% of its budget, or $68 million on college training? In examining this issue two points need to be discussed. The first point is that college training seems to be beyond the services necessary for moving clients into jobs. While social benefit is probably accrued from this training, the question is whether these funds might be better spent upon persons who need very fundamental vocational training in order to get a job, rather than persons who are equipped to attend college and evidently already have a higher vocational potential. Further, the basic educational opportunity grants, the BOGS program, provides grants and loans for college training, and clients eligible for VR are also clearly eligible for this program. Consequently, in order to avoid program overlap and to free VR funds for more needy clients, VR training could be limited to basic education and vocational training.

The second broad issue arising out of budget examination is that cash assistance is indicated to account for from 8% to 15% ($56 million to $104 million) of the total budget. These numbers are probably low if wage subsidies are counted for rehabilitated clients who work in sheltered workshops. The cash assistance is in the form of subsidies and incentives which counselors can provide clients. The basic issue here is whether or not VR should be an income maintenance program. The basic point to be made on this issue is that there are social insurance (SSI, Unemployment Insurance, etc.) and income transfer (public assistance) programs whose purpose is to determine who is eligible for cash assistance and to provide it. On equity grounds, it seems somewhat inconsistent and unfair to establish cash assistance eligibility criteria for programs and then to circumvent them in a categorical service program.

The third broad issue area arising out of the budget is that of medical services which account for 21% of expenditures. In the long run the diagnostic and physical restoration medical services should be covered by national health insurance. In the short run, program planning should begin to adjust and plan this upcoming change. Specifically, Medicaid in most States can pay for most of the medical services now provided by VR. (A discussion of Medicaid financing of VR is appended to this section.) Such Medicaid services payments can be made to any eligible clients (generally public assistance recipients). The issue then becomes whether VR should provide medical services when they can be provided by Medicaid.

The final broad issue area is that of the role of VR counselors. The discussion of the above series of issues leads to a possible model of "cashing out" the VR medical and educational services in the form of health insurance (Medicaid in the short term) and BOGS, and eliminating the cash assistance aspects of VR. This would change VR into a counselor system which informed handicapped persons of their entitlement to benefits and referred them to the appropriate sources of funds or services.

The necessity for this high cost (30% of VR costs or $209 million) counselor system to remain in existence is based upon the argument that the expert diagnostic and referral services of the counselor are essential in efficiently moving clients to appropriate services and in finding them employment. This contention is difficult to contest, however, there is some data which presents another perspective on this issue. First, Manpower Administration data indicates that Employment Service programs, without trained counselors, placed 300,000 physically handicapped persons into jobs in FY 1972, more than claimed by VR. While the severity of these handicaps is not known and while some of these

placements may represent double counting (the clients may have also been to a VR counselor and been counted as rehabilitated by VR), the data indicates that the general manpower programs are able to move a high volume of physically handicapped persons into jobs.

Additional information is obtained from a recently interviewed sample of 4,200 persons who received VR services. Of the persons who received training, 50% said that the training did not help them become or stay employed; of the persons who obtained employment, 38% indicated that they do not use their training at all in their current job, 17% said they made little use of it; of the same group, 80% indicated that they could have gotten their current job without this training. Finally, when asked how they obtained their first job after case closure, only 11% indicated that they received help from their VR counselor, while 89% indicated other persons as instrumental in assisting them in finding employment. In fairness it needs to be mentioned that the study (by National Analysts) from which this data is taken is subject to methodological criticism with regard to its generalizability to the county as a whole. Nevertheless, it does seem to indicate that substantial samples of clients from test States (including California, Illinois, and Pennsylvania) felt that they received inappropriate training and that the counselor was of little value in assisting them in obtaining employment. The VR counselor system, which has always been regarded as the core of the VR program, amounts to 30% of VR program costs or an average of $641 per rehabilitation. It has been argued by program proponents that, while medical and training services can be cashed out in the form of health insurance or education grants and loans, and while cash assistance can be pruned or eliminated, there will always be a need for a system of counselors who understand the needs and potential of the handicapped and can refer them to appropriate services and jobs. The studies cited above call into question the necessity of the counselor.

The above overview of the VR program and the discussion of broad issues suggests that very broad re-vamping may be appropriate for the program. In addition to these broad concerns, there are some very specific issues which need to be discussed for the VR program, whether or not substantial re-vamping occurs. These specific issues are laid out and discussed below.

A. Should program be limited to the physically and mentally disabled? This question contains two subissues:

1. Whether the client's problem is physical or mental,
2. Whether it is truly disabling in the sense that it prevents work.

In discussing this former problem, it is useful to examine the types of persons routinely served by VR. In the past this has included, in addition to the physically and mentally disabled: 1) persons with "social" handicaps (drug addicts, alcoholics, exciminal offenders); and 2) persons with personality handicaps (e.g., mild depression following divorce). In a recent project carried out by the Department auditors of pulling random VR case files for review, over half of the files involved "disabilities" in these two categories. While such problems surely merit service, the question is whether they merit it at the expense of the seriously physically handicapped. Both Congress and I above stressed that the primary emphasis of the VR program should be placing physically or mentally disabled persons into jobs, and that "social" disabilities should be a low priority or completely handled by other programs, public and private.

To examine the second question, whether the disabilities of those served would prevent work unless treated, one must review the range of physical problems which are treated by VR and examine the probability that such persons would obtain employment without rehabiiitation.

The following two charts detail the breakdown of disabilities in the VR program by severity both for the national program as a whole and for selected State programs. Two important points can be made about this data. First, for the program as a whole, 57.4% are not "severely" disabled. These clients have problems such as bad teeth (5.8%), blindness in one eye (5.5%), character disorders (10.6%), mild retardation (7.1%). While these handicaps represent problems for the client, there is some real question as to whether they are seriously disabling or whether public funds should be used to rehabilitate them. The second important point is that major States vary substantially in their client groups. In California, for example, 56% of the clients are seriously disabled because 20% of the California caseload suffer from alcoholism. In Illinois, on the other hand, only 35% of the clients are seriously disabled because 21% of the State caseload are teeth problems.

In sum, then, a substantial proportion of the VR caseload are clients which might not be considered serious enough to merit public funds and these proportions vary substantially among the States.

COMPARISON OF ALL VR CLIENTS BY DISABILITY SEVERITY

		U.S. total—all rehabilitations	
		Percent severely disabled (SD's)	Percent non-severely disabled (NSD's)
100—Blindness:			
00 to 19	Disability blindness	2.7	
19 to 29	1 blind eye, 1 defective	2.4	
30 to 39	1 blind eye, 1 good eye		5.5
200—Deaf:			
00 to 19	Deafness	2.1	
20 to 29	Other hearing		3.1
300—Orthopedic:			
00 to 19	Orthopedic 3 limbs or more	1.5	
20 to 39	Orthopedic 1 upper, 1 lower	1.3	
40 to 59	Orthopedic 1 upper	2.2	
60 to 70	Orthopedic 1 lower	6.2	
80 to 99	Orthopedic 1 lower		
80, 81, 91 to 97		.7	
83	Orthopedic, other diseases		.6
90	Other orthopedic		.5
99	Orthopedic, other accident		8.9
400—Amputations:			
00 to 19	2 limbs or more	.1	
20 to 29	1 upper	.6	
30 to 39	1 lower		
40 to 49	Other		
40	Amputation other malignant		
42 to 49	Amputation other		
500—Mental, psychotic, personal disorders:			
00	Psychotic	6.0	
10	Psychoneurotic		4.9
20	Alcoholic	5.1	
21	Addict	.6	
22	Other Characteristic disorders (1)		10.6
30	Mentally retarded, mild (2)		7.1
32	Mentally retarded, moderate		
34	Mentally retarded, severe	.9	
600—Other:			
0 to 5	Malignant neoplasm (yes)	.2	
0	Colostomies, malignant (yes)		
1	Laryngectomies (yes)		
2	Leukemia, aleukemia (yes)		
5	Other malignant neoplasm (yes)		
9	Benign neoplasm (no)		.9
10	Hay fever, asthma (no)		.7
11	Other allergies (no)		.2
14	Diabetes (yes)	1.2	
15	Other endocrine (no)		.4
19	Avitaminoses (no)		0
20	Hemophilia (yes)	0	
29	Anaemia, etc. (no)		.2
30	Epilepsy (yes)	1.5	
39	Other nervous system (no)		.6
40 to 44	Heart (yes)	2.7	
45 to 49	Other circulatory condition (no)		1.0
50	Tuberculosis (yes)	.8	
51	Pneumonia (yes)	.1	
52 to 59	Other respiratory (no)		.6
60	Teeth (no)		5.8
61	Ulcer (no)		.4
62	Enteritis (no)		.5
63	Hernia (no)		0
64 to 69	All other digestive (no)		1.0
70	Genito-urinary (no)		3.1
80 to 89	Speech		
80	Cleft palate/harelip (no)		.2
82	Stammer/stutter (no)		.2
84	Laryngectomy, nonmalignant (yes)	0	
85	Aphasia from stroke (yes)	0	
89	Other speech impairment (no)		.2
90	Skin diseases (no)		.5
99	Other diseases (no)		.1
	Total	42.6	57.4

Note: Percent of clients severely disabled, 42.6.

Disability	California, fiscal year 1971		District of Columbia, fiscal year 1971		Illinois, fiscal year 1971		Georgia, fiscal year 1971		Texas, fiscal year 1971		United States, fiscal year 1972	
	SD	NSD	SD	NSD	SD	NSD	SD	NSD	SD	NSD	SD	NSD
100—Blind	2.8	2.4	1.2	6.1	2.8	5.6	3.1	6.3	3.6	9.9	2.9	5.5
0 to 19 Blindness	2.5		1.1		2.0		2.5		3.1		2.5	
20 to 29 1 blind eye, 1 defective	.3		.1		.8		.6		.5		.4	
30 to 49 1 blind eye, 1 good eye		2.4		6.1		5.6		6.3		9.9		5.5
200—Deaf	2.5	1.3	2.3	1.1	2.7	4.3	1.2	1.9	2.1	1.9	2.0	3.2
0 to 19 Deafness	2.5		2.3		2.7		1.2		2.1		2.0	
20 to 29 Other hearing		1.3		1.1		4.3		1.9		1.9		3.2
300—Orthopedic	10.9	11.4	5.6	2.4	9.6	4.8	8.3	3.9	8.5	3.7	10.7	6.1
0 to 19 Orthopedic, 3 limbs	1.7		.8		1.3		1.0		1.2		1.3	
20 to 39 Orthopedic, 1 upper, 1 lower	1.0		1.0		1.3		.4		.7		1.1	
40 to 59 Orthopedic, 1 upper	2.6		1.1		1.7		1.8		1.6		2.1	
60 to 79 Orthopedic, 1 lower	5.6		2.7		5.3		5.1		4.9		6.1	
80 to 99 Orthopedic, other [1]	.1	11.4	.1	2.4	.2	4.8	.0	3.9	.1	3.7	.1	6.1
400—Amputation or absence	1.0	.2	.6	.2	3.1	.1	2.7	.1	2.1	.1	2.5	.2
0 to 19 Amputation, 2 limbs	0		0		0		0		0		0	
20 to 29 Amputation, 1 upper	.3		0		.5		.6		.3		.5	
30 to 39 Amputation, 1 lower	.7		.6		2.6		2.1		1.8		2.1	
40 to 49 Amputation, other [2]	0	.2	0	.2	0	.1	0	.1	0	.1	0	.2
500—Mental, psychotic, or personal disorders	33.4	20.1	20.7	35.3	10.0	17.4	18.1	12.9	28.0	15.9	20.0	19.7
0 Psychotic	4.3		5.3		2.4		4.7		7.5		5.4	
10 Psychoneurotic	5.2		3.6		3.7		7.0		3.7		5.1	
20 Alcoholic	19.9		7.7		.7		2.3		8.4		4.7	
21 Addict	1.5		2.7		.1		.2		1.2		.8	
522 Other characteristic disorders		14.9		30.8		11.6		6.8		11.6		12.2
530 Mentally retarded, mild		5.2		4.5		5.6		6.1		4.3		7.5
532 Mentally retarded, moderate	2.0		1.2		2.5		3.5		6.1		3.2	
534 Mentally retarded, severe	.5		.2		.6		.4		1.1		.8	

	Disability	California, fiscal year 1971		District of Columbia, fiscal year 1971		Illinois, fiscal year 1971		Georgia, fiscal year 1971		Texas, fiscal year 1971		United States, fiscal year 1972	
		SD	NSD	SD	NSD	SD	NSD	SD	NSD	SD	NSD	SD	NSD
600—Other		5.4	5.9	6.2	11.7	6.8	29.4	5.9	31.6	6.3	14.6	8.3	16.3
0 to 5	Malignant neoplasm	.1		0		.2		.2		.2		.2	
9	Benign neoplasm		0		0		.4		1.8		.7		.8
10 to 11	Hay fever allergy		.5		.9		.4		1.4		.5		
14 to 19	Diabetes and endocrine	.8		1.6		.9		1.6		1.3		1.6	
20 to 29	Hemophelia, etc.[3]	0	.1	0	.5	0	.1	0	.1	0	.1	0	.2
30 to 39	Epilepsy, etc.	1.7		1.5		1.6		1.2		2.3		2.1	
40 to 44	Heart disease	2.2		1.9		2.6		1.8		1.4		2.3	
45 to 49	Circulatory conditions		.8		2.0		.8		3.2		1.2		1.2
50 to 52	Tuberculosis, pneumonia	.5		.8		1.0		.3		.9		.7	
53 to 59	Other respiratory		.4		.6		.5		.5		.7		.4
60	Teeth, etc.		1.6		4.6		21.2		9.2		2.4		6.1
61 to 62	Ulcer, enteritis	.1		.3		.4		.8		.2		1.4	
63	Hernia		.1		.4		1.1		3.5		3.0		1.3
64 to 69	Colostomies, etc.		.2		.2		1.1		1.7		1.7		.9
70 to 99	Others[4]	0	2.2	.1	4.5	.1	3.8	0	12.2		4.3	0	5.4
	Total unadjusted	56.0	41.3	36.6	56.8	35.0	61.6	39.3	56.7	50.6	46.1	46.4	52.0
	Total adjusted	57.6	42.4	39.2	60.8	36.2	63.8	40.9	59.1	52.3	47.7	47.1	52.9
Severity of disability index (SDI)		.576		.392		.362		.409		.523		.471	
(SSI) State ÷ (SSI) United States		1.23		.83		.77		.87		1.11		1.00	

[1] Code 380–399 severely disabled (SD)—codes 380, 392, 393, nonseverely disabled—all others.
[2] Code 440–449 severely disabled (SD)—Codes 440, nonseverely disabled—all others.
[3] Code 620–629 severely disabled (SD)—codes 620, nonseverely disabled—all others.
[4] Code 670–699 severely disabled (SD)—Codes 685, nonseverely disabled—all others.

Note: SD—Severely disabled by disability category alone. NSD—All others (nonseverely disabled)

Source: R-300 fiscal year 1971 printouts (RSA).

B. Should VR services be targeted to the poor?

Currently there is no means test imposed upon persons seeking VR service; only 60% of the VR clients in FY 72 had incomes below the welfare reform breakeven point and only 15% were on public assistance. Since the average cost of service in the VR program is about $300, it could be argued that those with incomes above the cash assistance breakeven point should be required to bear the cost of their service, and that the VR program should concentrate completely upon those whose incomes are below the cash breakeven point. By so doing, the VR program would be assured of serving clients who would not be able to obtain employment without assistance from VR.

In sum, this discussion has argued that the VR program should concentrate upon the physically disabled and within this group provide services primarily to those whose income is below the current cash assistance levels.

C. Should the exclusive outcome goal of VR be productive employment, and more specifically improvement in productive employment status?

The discussion of this issue will focus upon the types of jobs currently obtained by VR rehabilitants and the change in wage rate brought about by the program. On the question of jobs obtained by rehabilitants, a substantial proportion if these are in the homemaker (housewife) category or the sheltered workshop category, neither of which are self-sufficient, the former have no income at all. Specifically, for FY 70, 11.2% of rehabilitations were homemakers (own home), 1.8% were unpaid family workers, and 1.1% were placed into sheltered workshops. In sum then, 1/7 of the VR clients whose cases were closed as rehabilitated were placed in non-self sufficient jobs and for the most part non-wage earning jobs.

In examining the total impact of the program in terms of net change in earning power of all VR closures, the following data is instructive:

Earnings at closure and percent of closures

No earnings	27.4
Below minimum wage	21.5
Above minimum wage	42.8
No data	8.3

In the case of public assistance recipients, and the question of the amount of welfare savings brought about by making the clients employed and more self-sufficient, the following data is instructive:

Public assistance status (monthly) and percent of closures

Decline in P.A. payments $100 or more	11.4
Decline in P.A. payments $1–99	12.3
No change	59.7
Increase in P.A. payments	4.4
No data	12.2

This latter data substantiates to some extent the initial information available on the PA/VR expansion grant projects which indicated that in this highly intensive effort to rehabilitate handicapped public assistance recipients, 50% of the P.A. recipients closed as rehabilitated were still on welfare, and a substantial number of these rehabilitations were as homemakers.

In sum then, it appears that the current VR program: (1) rehabilitates a substantial number of persons into non-wage earning positions; (2) has little effect upon net earning power; and (3) does not have a substantial effect upon public assistance recipients either in increasing their earning power or in reducing their welfare payments. Nevertheless, each of these outcomes is classified as a "rehabilitation" and costs an average of $2,100 per client. The issue then is whether DHEW shouldn't get more back for its money in terms of substantially changing the earning capability of its clients. It is interesting to note that from the clients' point of view, they would have been better off if they had been given the $2,100 rather than the service.

D. Should more specific criteria be applied to assure that clients who receive service in the VR program are not persons who would find jobs without the program?

While no control group analysis has been done on the VR program to indicate what type of clients would attain the same employment status even without the

program, there is concern that much of what is regarded and counted as benefit in the VR program could have been achieved without the expenditure of public funds. This concern surfaces indirectly from the data presented earlier in this discussion. That data indicated that: 1) persons with minor physical problems which might not be truly disabling were receiving services; 2) that persons with incomes above the poverty line were receiving services from this program whereas persons with similar incomes face a fee schedule or are refused services in other programs and must see to their own needs; and 3) that a majority of a sample of previous clients did not feel that VR provided appropriate training or helped them to find their jobs. Consequently, in conjunction with the issues raised previously, the limiting of VR services to those who really need them, the physically disabled with low incomes, and accepting as "success" only the placement of a rehabilitant in gainful employment, should provide some assurance that the VR program is achieving ends that could not have been achieved without it.

E. Should specific goals be set for serving the severely disabled?

The discussion of this issue needs to be placed in perspective. For several years both DHEW and the Congress have been becoming concerned that the VR program was "creaming," serving easy cases, and not serving persons with truly disabling physical handicaps. As a result, it has been suggested that VR, without losing its vocational goal, should serve more severely disabled persons. One way of addressing this problem is to change the systematic forces which promote the serving of easy cases by VR counselors. As noted above, this problem arises from the fact that counselors and States are rated on the basis of the total number of rehabilitations per year, regardless of the difficulty of the case. Consequently, the incentive is to serve quick, easy cases. The effect of this pressure to serve easier cases was seen above in the discussion of the many forms of minor physical problems addressed by VR. It can also be seen by examining the number of rehabilitations per quarter in the VR program as a whole. For FY 72 the data are as follows:

Quarter and percent of total rehabilitations

1	18.5
2	23.7
3	24.5
4	33.3

As the end of the fiscal year approaches, the counselors and States attempt to better the number of previous year's rehabilitations and in so doing are stimulated into serving easier cases which can be closed quickly and cheaply. Therefore, one way to encourage the rehabilitation of more difficult cases is to change the system by which counselors and States are rated so that weight is given to the degree to which the client's situation is improved. After a couple of false starts, RSA seems to be making good progress in developing such a system and could have it ready to demonstrate in a few States in a short period of time. Such action has the advantage of treating the problem, whereas simply mandating that States serve the severely disabled does not provide any means for the program to adjust systematically to treating appropriate clients.

This issue will be closely connected to decisions reached on earlier issues. If it is decided that VR concentrate primarily upon the physically disabled who cannot become employed without VR services then the "creaming" will of necessity be reduced. Nevertheless, a change in the systematic incentive system is also appropriate to avoid the friction between the mandate to serve seriously disabled persons and the incentive to close easy cases.

III. PROGRAMS FOR THE DEVELOPMENTALLY DISABLED

Goals: (*i*) To assist States in developing and coordinating services for the developmentally disabled which are not currently provided or are not provided in sufficient quantity; (*ii*) to assist States in improving the quality of residential care for the developmentally disabled; and (*iii*) to develop community based alternatives to institutional care for the developmentally disabled.

Discussion

The statements of the goals emphasize that the Developmental Disabilities program is a capacity building program. It has a small budget ($44 million)

and concentrates upon an area of public policy in which the Federal contribution is substantially smaller than the non-Federal effort. To be effective for substantial numbers of clients, the program has to leverage the non-Federal resources through: (1) attempting to develop or improve mechanisms which lead to coordinated planning of budgeting of all resources in this area; and (2) by developing more effective models for the expenditure of the resources. To attempt to go beyond these goals and to develop and institutionalize service delivery systems is an inappropriate and inefficient course for the program to take since: (1) only a small number of clients could be covered by the funds in this program; and (2) it would result in yet another categorical planning and service system which overlapped the responsibilities of other programs (public and private).

If on the other hand the Developmental Disabilities program is unable to develop operational measures of its progress in meeting capacity building goals, or if the DD programs continue to be service deliverers in nature, then a possible option is to fold the DD program into a larger social services revenue sharing program which provides Federal funds for service delivery.

IV. PROGRAMS FOR THE AGED (OLDER AMERICANS ACT)

Goals: The recently enacted Older Americans Act encompasses four major programs and related program goals:

The "Grants for State and Community Programs on Aging" has as a goal building the capacity of State and local public agencies and of the private sector to provide services to the aged.

The nutrition program has as a goal the provision of a minimum level of nutrition services to those aged individuals who require it.

The "Older Americans Volunteer Program" has as a goal the provision of volunteer job opportunities for the aged.

The "Community Service Employment Program" has as a goal the provision of publicly subsidized community service jobs for the aged.

Discussion

The extent to which the States share these goals is not clear since similar programs under the previous aged programs have not been in existence long enough to be evaluated. Nevertheless, one point is clear. Unless the capacity building nature of the Area Agency program is built into the State projects, the State goal for the program will become service delivery. This is undesirable for several reasons. Basically, the aged as a group receive more income assistance (through Social Security, public assistance, and other sources) than any other group. The service capacity building projects exist not to provide service over the longer term, but to make service options for the aged available, which could be purchased and provided by the private sector. Clearly this capacity building effort should not overlap or supplement services now being provided through Title VI programs.

Consequently, in the short term, the model development and capacity building aspects must be converted into criteria which can be used to approve project grants and to measure the effectiveness of these programs.

The other major section of the aging program is the nutrition program. As opposed to the previous discussion, the nutrition program is a service delivery, rather than capacity building program. Both the mechanics of the program and the size of the budget indicate that the purpose of the nutrition program is to provide a minimum level program of nutrition services to those aged individuals who require it. An issue arises here as to whom the boundaries that could be placed upon the eligible client group such that the program does not provide nutrition services to those who do not need them or who could purchase them, and by so doing not provide services to persons who need them now.

An alternative to the setting of eligibility criteria for this program is to charge a fee for nutrition services, based upon the income of the aged individual. This alternative has the advantage that for many aged individuals, the problem is not one of resources to purchase food, but one of finding a community setting for meals to reduce the isolation of the aged person and to provide services tailored to their needs.

V. PROGRAMS FOR YOUTH (JUVENILE DELINQUENCY PREVENTION ACT)

Goal: The primary goal of this program is to demonstrate methods for diverting youth from the juvenile justice system.

Discussion

The program is hampered because its very small budget ($10 million), makes it a dwarf in this field which includes LEAA, DoL (youth training programs), vocational education, elementary and secondary education, and social services. Currently LEAA is drawing back on the funds it puts into delinquency prevention and the DoL youth training programs are being folded into the general Manpower Revenue Sharing program currently being implemented. Consequently, a program vacuum is left in this very important area except for the general social services and education funds going into it. This situation provides an opportunity for DHEW to begin to attempt to consolidate delinquency prevention and youth programs into a youth strategy, with goals related to increasing the development and productivity of youth, and the avoidance of juvenile delinquency.

Since the inception of the youth program, the point has been made in many different forums that some of our very basic institutions (schools, the family, the labor market) are not fulfilling their roles in developing youth and preventing them from becoming alienated and delinquent. Yet the solutions have generally treated the symptoms rather than the cause by creating systems to divert delinquents from the criminal justice system or by placing an Employment Service Counselor in every high school. In sum, then, an institutional problem is recognized in the youth area, but the programs tend not to address the basic institutional changes which appear to be needed. Consequently the opportunity arises to develop a youth strategy which begins to confront the possible options in institutional change in the youth development area.

HUMAN DEVELOPMENT/SOCIAL SERVICES PROGRAM MEMORANDUM

I. INTRODUCTION

The purpose of this memorandum is to present the major issues regarding DHEW human development and social service programs over the next few years. Criteria for assessing alternative policy directions are presented, and the programmatic and budgetary implications of each assessed. A recommended long range plane, based upon this analysis, is outlined in detail steps to implement the plan, along with FY 75 budget implications and short-term administrative decisions, are also presented.

The agencies have prepared brief forward plans and have supplied available data on the eligible program client group, their needs, the services they receive, the non-Federal resources which they can utilize, etc. The plans (at Tab B) suggest the agency view of the Federal role in their particular service area and propose their preferred agency direction for the next five years.

II. BACKGROUND

Budget

The following table lists the social services and human development programs of the Department and the budgets ascribed to them:

[In millions of dollars]

Program	Fiscal year 1973 estimates	Fiscal year 1975 projected
Social services (title IVA, VI of Social Security Act)	1,266	2,000
Child welfare (title IVB)	46	48
Vocational rehabilitation	676	684
Developmental disabilities	50	46
Aging	206	207
Youth development	10	11
Head start	393	428
Total	2,645	3,424

A number of programs are closely related to social services. Primary among these are maintenance assistance ($6.9 billion in FY 73) and WIN ($454 million of HEW funds in FY 73). These programs are dealt with under income maintenance, as their major emphases are on income security and placement in employment.

Program description

Briefly, the programs can be described as follows:

Social Services: matching grants are made to States for a portion of the cost of operating social services programs, approved by DHEW, with the general objective of assisting families and individuals in overcoming the conditions which cause them to need public assistance.

Vocational Rehabilitation: matching funds are provided to States to assist them in programs which attempt to move physical or mentally disabled persons into self supporting positions.

Development Disabilities: grants are made to States to assist in developing coordinated programs of assistance to persons with mental retardation, epilepsy, cerebral palsey, and other neurologically disability conditions.

Aging: grants are made to States to assist communities in developing coordinated service options for the elderly, and to provide a program of nutrition services for the elderly.

Youth Development: demonstration project grants are made for the development of youth service systems which attempt to divert youth from the criminal justice system.

Child Development: demonstration project grants are made to develop child development services focussing on the first five years of life.

Detailed analyses of the individual programs is attached at Tab A.

In general, the programs in this area have not held up well under critical scrutiny of their performance. This is true for a number of reasons, including:

The program objectives are vaguely defined, or conflicting objectives are held by various actors in the process. For example, the Federal goal for vocational rehabiiltation is to obtain employment for the physically handicapped; at the individual counselor level that goal tends to translate into "classify as rehabilitated as many eligible persons as possible." The warping effect such goal differences have on programs is documented in the VR program analysis (Tab A).

The explicit objectives of the program may be outside the power of the program to attain. For example, Title TVA day care is designed to enable welfare recipients to get and keep a job. Although adequate child care arrangements may be necessary to allow employment, the availability of steady employment is the overwhelming determinant of employment success. Thus it is inappropriate to assess day care programs solely on the basis of meeting objectives over which they have little if any control.

The available evaluation measures do not reflect the objectives of the program. The stress on IQ change in Head Start for example, is to a large extent determined by the fact that IQ is one of the only measures we have for assessing the competency of young children.

The responsibility for assuring good program management has been diffused, so that no one level of government can be held accountable for the successful administration of programs. For example, until the recent regulations were published many social services under Title IVA were Federally mandated but not monitored, allowing the states de facto but not de jure control of the program, and engendering massive amounts of paper work to camouflage the situation.

In sum, the social services and human development programs present a mixed bag of rationales, structures, funding mechanisms, eligible populations, and program objectives. In order to attain some conceptual control of the area, a basic rethinking of the Federal purposes in this area is attempted in the following sections of the paper.

III. CRITERIA FOR FEDERAL INTEREST AND INVOLVEMENT

Determination of governmental role

Although the governmental role in the United States can—and sometimes does—amount to just about anything, the sensitivity and resistance of the populace to increased taxes and increased encroachment of government upon individual liberties and the private market places a substantial burden of proof upon those who advocate new or expanded governmental programs. Such pressure for minimiza-

tion of government has led to a stabilized condition to which a few broad principles may generally be used to review proposed changes in governmental programs. Among these criteria are:

Equity: the economic or social system is perceived by society as being unfair to particular segments of society, e.g. discrimination;

Externalities: forces not taken into account by the economic or social system cause hardship to certain groups, e.g. pollution, crime, etc.,

Minimum level of care: the society elects to provide a minimum level of maintenance or service to selected members of society, frequently those who cannot be expected to fend for themselves;

Economies of scale: certain services which society wishes to see provided cannot be provided on a large enough scale by the private sector, e.g. Social Security;

Assuring access to services: society decides that it is important that certain services be distributed equally to the entire population regardless of ability to pay, e.g. public education.

Most forms of public programs focus on one or more of these criteria. In general the satisfaction of one of these criteria is necessary, but not sufficient, for a program to be initiated since funds are limited and tradeoffs must be made among the competing claims for government attention.

Determining the Federal role

The following discussion is based upon the tenet that any given governmental function should be carried out at as decentralized a level as possible. This assumption is made for a variety of reasons, including:

A belief that decentralized government can better address specific problems of specific area; and

A concern for the potential loss of personal liberties brought on by strong, centralized government.

Nevertheless, there are areas in which a Federal presence has been established. In these areas one might identify four general bases for Federal intervention in otherwise purely State-operated programs:

State income and wealth levels may differ widely enough so that Federal equalization measures are warranted;

States may suffer a chronic insufficiency of revenue-raising capacity, either because some tax sources are monopolized by the Federal government, or because inter-State competition to attract industry tends to prevent increases in State tax rates;

State political priorities may differ widely from national ones, because different groups exert power at the two levels, or the problem is perceived differently; or

The effects of a given State program expenditure (or lack thereof) may spill over beyond the State's boundaries. There is then little reason to expect the State to take them into account.

Since data reflecting these criteria are scarce and what exists is subject to varying interpretations, and past development of and the future role for the Federal government cannot be reduced to a simple formula. Concern with the above criteria has evolved over time.

History of Federal/State responsibility

For most of the first third of this century, the concept of dual Federalism prevailed, essentially holding that there is no basis for Federal involvement in State concerns. With the New Deal came the idea that in certain instances, the Federal and State governments shared joint goals, although the emphasis was placed on Federal assistance to States in reaching goals set by them. The 1960's, an era of Federal action and distrust of State and local governments witnessed a deluge of social legislation which emphasized national goals, frequently by passed lower level governments and used aid to States as a means to induce States to carry out national objectives. The volume of Federal aid to States increased dramatically during that decade: from $7 billion in 1960 to $25 billion in 1970.

Recently the Federal government has begun a new phase which may be termed sub-Federal centralization. Managerial in nature, it is a response to the loss of effectiveness of related programs which occurs with the proliferation of uncoordinated projects under a variety of authorities controlled by actors at various levels of government, all responding in one fashion or another to Federal mandate. The thesis of sub-Federal centralization is that effectiveness and efficiency can be substantially increased by pulling together social programs through the following reforms:

1. Centralized management of a broad range of programs by elected State and

local officials, and authority for such officials to make programmatic and budget tradeoffs across programs;

2. Assuring capability within the office of such officials to plan and manage programs effectively.

The various social services programs were initiated to respond to social problems as perceived at the time of passage of the authorizing legislation, and to respond in the manner considered appropriate at that time. For that reason, the services present a mixture of funding structures and implied Federal-State-local relationships. The VR program was designed on the premise that the proper Federal role is to support State-controlled programs. Head Start, a product of the last decade, by passes state and often local governments to fund community-level prime grantees. Developmental Disabilities and the Older Americans Act, quite recently redesigned, reflect the current emphasis on planning and coordination of existing resources, found in the sub-Federal centralization concept.

Form of Federal presence

As stated above, a number of new proposals (Special Revenue Sharing, Allied Services, administrative implementation of revenue sharing, etc.) do not increase the decentralization of funds, but rather suggest that the program authorities be moved from State operations agencies and centralized under the Governor so that broad interprogram planning and budgeting can take place.

Accompanying such proposals for sub-Federal centralization are proposals for a substantial capacity building effort. Currently, it is felt that most State agencies do not have adequate planning, management, and information systems to rationally allocate their resources. Therefore, under a move to more sub-Federal centralization, Federally coordinated efforts would focus upon upgrading the planning, management, and budgeting capacity of the States.

Another form of capacity building is the concentration of Federal resources on generating market activity—both supply and demand—for certain identified services (home health, meals for the aged etc.), and after a time-limited intervention, removing Federal development funds.

The basic issue in realigning Federal programs is in determining which current programs should become sub-Federally centralized, which programs should phase down Federal support for services in favor of planning or market and services development, and which programs the States will not appropriately handle and which should therefore be subject to Federal direction. To develop more specific criteria to make decisions in the social services/human development area, the concept of "goal congruence," may be defined as meaning that the Federal government judges that funds allocated to the States for particular purposes, however broad, will be expended to achieve goals which are satisfactory to the Federal government. This does not necessarily mean that the Federal State priorities are the same (if they were, general revenue sharing would be more appropriate), but rather that the State will view a given goal in a manner acceptable to the Federal government.

In focusing in on its appropriate role, DHEW faces a constraint—its characteristic dependence upon the non-DHEW system for implementation—and several determinants: the degree of goal congruence between the DHEW and non-DHEW system (upon which DHEW relies for implementation); the capacities of the non-DHEW system; and in the absence of goal congruence, the degree of leverage DHEW can bring to bear on the non-DHEW network.

These constraints and determinants suggest the following general decision rules:

(*a*) Where there is goal congruence between DHEW *and* non-DHEW systems upon which DHEW depends, and where the non-DHEW system lacks administrative, programmatic, or technical capacity, DHEW's role should be active in building capacity.

(*b*) Where there is goal congruence, and where the non-DHEW capacity is adequate (excepting financial capacity), DHEW's role should be passive and limited to transferring resources. If the States are judged to have adequate fiscal capacity, or if another program (general revenue sharing and tax coordination) provides fiscal relief, DHEW should have no role at all.

(*c*) Where there is not goal congruence between DHEW and non-DHEW system upon which it depends, and where DHEW's leverage potential is high, DHEW's role ought to be active with the appropriate lever (s).

(*d*) Where there is not goal congruence, and where DHEW's leverage potential is low, DHEW has two options—either no role at all, or legislative initiatives which would provide leverage over state behavior which is not available.

In sum then, the model indicates that various states of goal congruence should lead to different Federal response. In one case a Federal grant should concentrate upon capacity building without heavy usage of levers. In other cases, the Federal program will require the application of selected levers. These "levers" include such mechanisms as State plan approval, incentive monies, political pressure, etc.

Therefore, based upon the concept of goal congruence, the Federal role becomes focused through a systematic determination of Federal goals, State intent and goals, and State capacity.

In applying this concept of goal congruence to concrete situations, two tangible problems arise: the fact of inter-State variation, and the complexity of determining Federal goals.

In terms of the latter, it is frequently difficult to specify national intent and Federal goals in various social services/human development areas. One option is to accept the goal language provided by Congress and legislation. Several problems arise from this approach:

Goal language is often general and nonoperational and almost impossible to plan for and measure performance against;

Authorizations to address goals usually exceed appropriations and tradeoffs which essentially "weight" goals are left, to a large extent, to noncongressional processes.

These problems, to a large extent, compel the executive branch to define its own more operational goals so that programs can be managed and assessed and so that tradeoffs can be made with a specific understanding of exactly what type of program products are being traded. The answer then to the issue of defining program goals, is that the Congress and legislation must be referred to for broad intent, but that DHEW is also responsible for more specifically defining and operationalizing the goal so that desired outcomes are understood and the program can be managed and results can be measured.

Addressing the point of inter-State variation, the issue arises as to what Federal role results from the goal congruence model if the goals and objectives of States vary; how does the Federal role adjust for inter-State variation. There appears to be no principle which is wholly satisfactory in addressing this questintent, but that DHEW is also responsible for more specifically defining and even encouraged. In other cases the Federal government may feel that it is critical for a service to be available in all States, and that it be Federally subsidized in States which would not otherwise have a program.

Consequently, the answer emerges that each case has to be reviewed separately, the Federal government must decide if it is sufficient for certain services to be available in most States, or if it is essential that they be available in all States. The specific discussion in program areas will make this point more clear.

ALTERNATE FUNDING SOURCES FOR STUDENT RECIPIENTS OF SUPPORT FROM THE SOCIAL AND REHABILITATION SERVICE OF DHEW

(Prepared by the Office of Manpower Development and Training, OPRT/SRS)

Since funding for SRS Direct Training Grant Programs is scheduled to be phased out completely by August 31, 1974, the Division of Standards for Educational Institutions/OMDT, has been charged with the task of furnishing for concerned SRS officials pertinent information regarding alternate sources of support for students in such programs. The SRS programs are among those categorical direct training grant programs that are being discontinued in favor of broad programs of support for higher education. Primary reliance for future manpower development and training is SRS-related fields and activities will be placed on general student aid programs administered by the Office of Education. Some other support may be found in the "formula grant" training programs. This paper sets forth general and specialized description of these programs.

These noncategorical student aid programs give the person who seeks a higher education the power of choice of a field of study and even allow a grant-loan mix for some students in support of their education. The potential social worker, rehabilitation counselor, worker with the elderly, etc., therefore can be supported through a program of Basic Grants and/or Guaranteed Loans.

The Division of Student Assistance of the Bureau of Higher Education of the Office of Education administers two of the student assistance programs which are now in effect: the National Direct Student Loan Program and the

College Work-Study Program. The Division of Insured Loans of the Office of Education administers the Guaranteed Student Loan Program and coordinates in the Student Loan Marketing Association. The Basic Educational Opportunity Grants Program is administered from the Office of the Deputy Commissioner for Higher Education by the Acting Coordinator for the Basic Educational Opportunity Grants Program.

The descriptions which follow reflect any changes in the Federally supported programs of financial aid administered by OE under the Educational Amendments of 1972 which were signed by the President on June 23, 1972. The Fact Sheet regarding the Guaranteed Student Loan Program was secured from OE and has a release date of March 1, 1973. It should be noted that March 31 is the realistic date by which all mentioned OE programs will have completed their periods of adjustment.

Alternative support programs in the order of their appearance are:

I. Basic Educational Opportunity Grants Program (BEOG)
II. Supplemental Educational Opportunity Grants Program (SEOG)
III. College Work-Study Program (CWSP)
IV. National Direct Student Loan Program (NDSLP)
V. Guaranteed Student Loan Program (GSLP)
VI. The Public Assistance Formula Grants (FG)

I. The *BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM* (*Basic Grants*) makes funds available to eligible students attending approved COLLEGES, COMMUNITY/JUNIOR COLLEGES, VOCATIONAL SCHOOLS, TECHNICAL INSTITUTES, HOSPITAL SCHOOLS OF NURSING, and other post-high school institutions.

In academic year 1973–74, you may apply for a Basic Grant if you are entering an APPROVED postsecondary educational institution for the FIRST TIME and on a FULL-TIME basis.

To APPLY for a Basic Grant, you must complete a form called "APPLICATION FOR DETERMINATION OF EXPECTED FAMILY CONTRIBUTION."

You may get copies of the application from POSTSECONDARY EDUCATIONAL INSTITUTIONS, HIGH SCHOOLS, POST OFFICES, STATE EMPLOYMENT OFFICES, COUNTY AGRICULTURAL EXTENSION AGENTS, COLLEGES, TALENT SEARCH and UPWARD BOUND PROJECTS, or by writing to BOX G, IOWA CITY, IOWA 52240.

Send the completed form to BOX B, IOWA CITY, IOWA 52240. Within 4-weeks, you will receive a "FAMILY CONTRIBUTION ANALYSIS REPORT."

SUBMIT the Report to your SCHOOL which will calculate the AMOUNT of the Basic Grant you are ELIGIBLE to receive. (You may submit the Report to more than one school.) The amount of your award will be based on your Expected Family Contribution, the cost of attendance at your school, and a payment schedule issued to all approved educational institutions by the U.S. Office of Education.

II. The *SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT* (*SEOG*) *PROGRAM* is for students of EXCEPTIONAL FINANCIAL NEED who without the grant would be unable to continue their education.

You are eligible to apply if you are enrolled at least half-time as an UNDERGRADUATE or VOCATIONAL student in an educational institution participating in the program. Graduate students are not eligible.

If you receive an SEOG, it cannot be less than $200 or more than $1,500 a year. Normally, SEOG may be received for up to four years. However, the grant may be received for five years when the course of study requires the extra time. The total that may be awarded is $4,000 for a four-year course of study or $5,000 for a five-year course.

If you are selected for an SEOG, your educational institution must provide you with ADDITIONAL FINANCIAL ASSISTANCE at least equal to the amount of the grant.

APPLY THROUGH YOUR FINANCIAL AID OFFICER. He is responsible for determining who will receive an SEOG and the amount.

III. The *COLLEGE WORK-STUDY (CWS) PROGRAM* provides jobs for students who have great financial NEED and who must EARN a part of their educational expenses. You may apply if you are enrolled at least halftime as a GRADUATE, UNDERGRADUATE, or VOCATIONAL student in an approved postsecondary educational institution.

The educational institution which participates in College Work-Study arranges

jobs on campus or off campus with a public or private nonprofit agency, such as a hospital. If you are found to be eligible, you may be employed for as many as 40 hours a week.

In arranging a job and determining how many hours a week you may work under this program, the financial aid officer will take into account: (1) your NEED for financial assistance; (2) your CLASS SCHEDULE; and (3) your HEALTH and ACADEMIC PROGRESS. In general, the salary you receive is at least equal to the current minimum wage and may be as much as $3.50 an hour.

APPLY THROUGH THE FINANCIAL AID OFFICER AT YOUR SCHOOL. He is responsible for determining your eligibility and arranging the job.

IV. The *NATIONAL DIRECT STUDENT LOAN (NDSL) PROGRAM* is for students who are enrolled at least half-time in a participating institution and who NEED a loan to meet their educational expenses.

You may borrow a total of: (a) $2,500 if you are enrolled in a vocational program or if you have completed less than two years of a program leading to a bachelor's degree; (b) $5,000 if you are an UNDERGRADUATE student who has already COMPLETED 2 YEARS of study toward a bachelor's degree. (This total INCLUDES any amount you borrowed under NDSL for your first two-years of study); (c) $10,000 for GRADUATE study. (This total INCLUDES any amount you borrowed under NDSL for your undergraduate study.)

REPAYMENT begins 9 months after you graduate or leave school for other reasons. You may be allowed up to 10 years to pay back the loan. During the repayment period you will be charged 3 percent interest on the unpaid balance of the loan principal.

No payments are required for up to three years while you serve in the Armed Forces, Peace Corps, or VISTA.

APPLY THROUGH THE FINANCIAL AID OFFICER AT YOUR SCHOOL. He can also tell you about the CANCELLATION PROVISIONS for borrowers who go into certain fields of teaching or specified military duty.

V. The *GUARANTEED STUDENT LOAN PROGRAM* enables you to borrow directly from a bank, credit union, savings and loan association, or other participating lender who is willing to make the educational loan to you. The loan is guaranteed by a State or private nonprofit agency or insured by the Federal Government.

You may APPLY for a loan if you are enrolled or have been accepted for enrollment at least half-time in an eligible COLLEGE or UNIVERSITY, a SCHOOL OF NURSING, or a VOCATIONAL, TECHNICAL, TRADE, BUSINESS, or HOME STUDY SCHOOL. You do not need a high school diploma in order to borrow.

The MAXIMUM you may borrow is $2,500 a year; (in some States it is less). Your INTEREST cannot be more than 7 percent.

The TOTAL amount you may borrow for undergraduate or vocational study is $7,500. The total is $10,000 for graduate study alone or in combination with undergraduate study.

To apply for the FEDERAL INTEREST BENEFITS, you must submit to the lender a RECOMMENDATION from your school as to the AMOUNT you NEED to meet educational expenses. If you qualify for these benefits, the Federal Government will pay the interest for you until the repayment period begins.

If you do not qualify for Federal Interest Benefits, YOU MAY STILL BORROW; but you will have to pay your own interest from the time you take out the loan until it is paid off.

All borrowers must submit an AFFIDAVIT that the loan will be used only for educational purposes. It must be signed before a notary or other person authorized to administer oaths.

The LOAN MUST BE REPAID. Payments begin between 9 and 12 months after you graduate or leave school and you may be allowed to take up to 10 years to pay it off. The AMOUNT of your payments depends upon the SIZE of your DEBT; but you must pay at least $360 a year.

You do not have to make payments for up to 3 years while you serve in the Armed Forces, Peace Corps, or VISTA, or for any time you return to full-time study.

We suggest that you contact the financial aid officer for information and application forms.

VI. The Public Assistance Formula Grants.—Since the 1962 amendments to the Social Security Act, Federal financial participation at the 75 percent rate is available to States for the costs of training public assistance staff or persons

preparing for employment in public assistance agencies. The 1967 Amendments require States to provide for the use of volunteers and the training and effective use of subprofessionals as community service aides.

This program enables States and local public assistance agencies to provide educational leave support for employees, stipends for individuals preparing for employment and agency in-service training for employees. Under the program, States may also make educational grants or contracts with educational institutions for training programs, including instructional costs and student stipends, for costs of education in preparing persons for employment in public assistance.

In the FY 1974 Budget increased amounts of Federal funds over FY 1973 have been allocated for the Federal share of the costs of these training programs. In 1972 some 2,000 individuals were on full time educational leave with an additional 1,200 on part time programs.

The modifications of the Social Security Act provided by the 1972 amendments will necessitate extensive reorganization of State and local agencies. With the program shifts that are anticipated during this next year agency training programs should be increased in order to enable staff to perform the tasks required in a reorganized agency with different program goals.

In order to strengthen State determination of the programs required for the delivery of services, States will be encouraged and assisted to develop manpower programs in relation to their specific needs and the educational resources within their State by increased use of these matching formula funds.

All the States have used matching funds for their in-service training programs. Some States are making grants or contracts with educational institutions and others are now exploring appropriate principles and procedures for doing so. Federal financial participation is available only if the State agency has elected to include the provision for making such grants in its State Plan for Staff Development.

Consultation to the States concerning their staff development plans is provided by the Manpower Development and Training Specialist in the SRS Regional Office.

ALTERNATIVE SUPPORT FOR SRS-RELATED STUDENTS

Charted below are possible alternative sources of financial support for social services student assistance programs which are reduced by the FY 1973 and 1974 budget request:

SOCIAL AND REHABILITATION SERVICE

Vocational rehabilitation training.—Training grants provided at the graduate, undergraduate, and technical levels.

FY 1973 Est.: $27.7 million.

FY 1974: $17 million (for vocational rehabilitation, phasing out the program).

Alternatives: Undergraduate and Technical levels—BOGS, CWS, GSL and NDSL. Graduate—GSL, NDSL, and CWS.

Community services training.—Grants for graduate and undergraduate social work school faculty.

FY 1973 Est.: $8.9 million.

FY 1974: —[1].

Alternatives: Undergraduate—BOGS, CWS, GSL and NDSL. Graduate—GSL, NDSL, CWS, and FG.

Aging training.—Training is provided at levels ranging from junior or community college degrees through the doctoral degrees.

FY 1973 Est.: $10.9 million.

FY 1974: —[1].

Alternatives: Undergraduate—BOGS, CWS, GSL and NDSL. Graduate—GSL NDSL, and CWS.

QUESTIONS SUBMITTED TO MR. DWIGHT

PERSONNEL AND STAFFING

Question 1. I wonder if you could give me some general idea of the number of personnel, and their levels, now working at the Rehabilitation Services Administration?

[1] Activities were forward funded in fiscal year 1973; therefore, no new obligations will be made in fiscal year 1974 budget.

Answer. The employment on June 30, 1973 was 162. This consisted of 97 professional employees and 65 clerical/administrative type.

Question 2. How does this compare with the same information of five years ago?

Answer. The employment on June 30, 1968 was 182. This consisted of 108 professional employees and 74 clerical/administrative types. These figures exclude Regional rehabilitation program employees.

Question 3. What is happening at the regional level with RSA? Are there now more, or less, people employed at the regional level?

Answer. The regional staff on June 30, 1973 was 84 employees. This consisted of 61 professional staff and 23 clerical/administrative staff.

The June 30, 1968 regional staff totaled 103 employees. The staff consisted of 60 professional staff and 43 clerical/administrative staff.

Question 4. Finally, Mr. Dwight, I wonder if you could tell me how long RSA has been without a permanent Commissioner, and when do you anticipate the appointment of a permanent Commissioner?

Answer. The Rehabilitation Services Administration has been without a permanent Commissioner since December 31, 1972.

I am looking for a person with experience in the rehabilitation field and a proven capacity for management of a substantial program such as the rehabilitation program. Recruitment of this person is underway now and constitutes one of my highest priorities.

[Whereupon, at 11:57 a.m., the subcommittee adjourned, subject to the call of the Chair.]

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